No. 32,643

EOPLE

caffold Humor harlton Heston

a Heston, who is taking a m. Hollywood epics to British stage, turned up in a church on a wer winter and told the conservation

and told the congregation ion joke of his hero. Sir

viore. Standing at a lec-the nave of St. Bride's Fleet Street where the

ithry martyr worshiped was lord chancellor to

was lord chancellor to arry VIII. Heston retailed perhaps the only sain who funny. More was a man the wit and the gus to oke on the scaffold. Heston with a workery

oke on the scattold. Heris touring with a portrayal
hancellor in Robert Roles.
Man for All Seasons.
when More was helped up
ladder to the scatfold up

remarked to a tower off-

o you help me up master at? I'll see for myself com-

o. More was imprisoned ower of London for nearly

rs before losing his head for

to recognize the king as the Church of England

Duchess of York has given

job as an aquisitions editor Swiss-based publisher Rich-erton. Buckingham Palse and. She left her salaned po-unith the publishing for

with the publishing for

Graphic Arts. some time

at plans to continue working

freelance basis, the palace

op-ranked Hispanic high student unable to attend

Point because she isn't ye a

rsity on a scholarship, Xod d Carreto, who ranked lirs in

ass at Dallas's L.G. Pinkson

School, intends to enroll a

A&M in College Station and join the ROTC pro-

but says she will continue to

te her goat of attending Wes

. The 17-year-old senior wa

llowed to enroll at the US

ary Academy because she's

an American citizen, having

ed from Mexico with her mot-

nce Springsteen and his I at Band will kick off ther first

rican concert tour in nearly ?

later this month. Columbia

ords said the 22-city tour will

n Feb. 25 in Worcester, Massa-

EMPLOYMENT

YOUNG FRENCH GIRL 21, 1003

the US, while I. Gossela, if we leave the "5515 Fore

EXPERIENCED ASIAN bangating of the state of

AU PAIR, 25, siver, one dies

were so soll, Lahore 13 Pd.

PRIVATE CHAUFFUR, 5 yr so ence seed par in Park, fred a sith Good relevences Park (2):

TOP CHAUFFEUR 'S, years in

in the ser good retrom:

BNGUSH NAMNUS & mother III License Nich Agency Side II Man School LK 1974

VITAMINS

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HEALTH / MEDIC SERVICES

OPERATIVE CORRECTION:
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Hapotenc

Page 4

FOR MORE

CLASSIFIE

LISH WEEKEND IN MATTE

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as Lade Span Ver. Tel.

is than three years ago.

Israelis

3 Arabs

Violence Erupts

On West Bank;

Death Toll at 48

By Glenn Frankel

Washington Post Service

West Bank — At least three Pales-tinians were killed in elashes on the

West Bank on Sunday as two other

Palestinians injured last week also died from their wounds, bringing

total deaths since Arab-Israeli

clashes began in December to at

The worst confrontation was in

the southern West Bank, an area

that has been relatively calm since

the start of the violence oo Dec. 9.

One of the two who died of their

wounds, a 15-year-old resident of a

Gaza Strip refugee camp who had

received a blow to the head, may be

the first known fatality from the

Israeli Army's policy of beating al-

leged rioters. The other was a 10-

At least four neighborhoods in

predominately Arab East Jerusa-

lem were hit by renewed violence.

The army, invoking seldom-used

emergency powers for the second

time in two weeks, imposed a mili-

tary curfew oo a refugee camp in-

Tensions have been building in

the south since the middle of last

week, when some of the Jewish set-

tlers who live in the area began

organized retaliation against stone

throwing in villages along the main

highway. Settler vigilantes have in-

vaded some villages, smashing car windows and hauling off suspected

On Friday, the National Com-

mittee for the Uprising in the Terri-tories, a clandestine steering group

led by the Palestine Liberation Or-

ganization and various nationalist

factions, issued its sixth leaflet call-

ing for an escalation of rioting and

The combination of two volatile

elements — the call for protests

The worst incident was in Beit

in a clash Sunday morning. Wit-

for demonstrations Sunday.

side the city limits.

stone throwers.

year-old boy.

BEIT UMAR, Israeli-Occupied

Shoot

ESTABLISHED 1887

U.S. Warns of Troop Pullout If Bonn Bars Nuclear Arms

By Joseph Fitchett International Herold Tribune MUNICH - Defense Secretary Frank C. Carlucci warned West Germany on Sunday that the Unit-ed States might consider withdraw-ing troops from Europe if West German policies led to all nuclear

Refusal to modernize NATO nuclear weapons in Europe, Mr. Carlucci told a conference of officials and military experts, would result

weapons bring removed from its

Other U.S. participants echoed the theme, suggesting that the United States would refuse to keep its troops in West Germany with-out tactical nuclear weapons to deter a Warsaw Pact attack on them. Defense ministers from four oth-

er NATO countries at the meeting also pressed West Germany to agree to improve short-range nucle-ar missiles and artillery and to reitizen will go to Texas Advi 🖫 fuse to negotiate for their climination in connection with the recent Intermediate-Range Nuclear

port from within his own center-

Republicans

Big Deli Alexander M. Hang Jr. Inng P. Kenny

Piece S de l'impach

Pat Robertson

U.S. congressmen at the meeting were surprised at the severity of Mr. Kohl's dispute with members of his own coelition as well as with the opposition. Several of the con-

The U.S. secretary of state has been asked to testify in a dispute affecting INF ratification. Page 2.

in a de facto loss of nuclear deter-rence. Then, he said, "I'd have to look at whether we should keep our forces here."

gressmen chided Mr. Kohl for what they saw as his loss of initiative to Foreign Minister Hans Dietrich Genscher. Mr. Genscher advocates further nuclear disarmament in West Germany because, he says, it has been uniquely exposed to nuclear risks.

"Reject existentialism and Genscherism," said William S. Cohen, a Republican senator from Maine. Without criticizing Mr. Kohl by name, Richard R. Burt, the U.S. ambassador to West Germany, said that West Germans were succumbing to what he called, "a very counterproductive myth that West Germany has been singled out for Sovier nuclear attack."

The public pressure on Chancel-lor Helmit Kohl highlighted his political difficulties in getting sup-Burt said, was feeding pressures for Burt said, was feeding pressures for denuclearization.

Democrats

Michael S. Dukakis

Richard A. Gephardt.

Bruce Babbitt

Albert Gore Ir.

Josse L. Jackson

Gary Hart.

Paul Senion

Central America.

an apology to Mr. Dole.

and over are true at all."

THE CANDIDATES IN IOWA

Gephardt Gains in Poll;

Dole Retains Big Lead

among Democrats, and Senator the caucuses.

Bob Dole of Kausas has retained a The Democrate.

commanding lead over Vice Presi-

dent George Bush among Republi-

cans going into the lowa caucuses

on Monday, according to a public opinion survey published Sunday by The Des Moines Register. The survey also indicated that Senator Paul Simon of Illinois was

ON PAGE 3

Some words from the lowa ma-

Many lowans are having trouble

Social Security has emerged as

passing Governor Michael S. Du-

kakis of Massachusetts for second

place among Democrats.

Pat Robertson, a former televi-

sion evangelist, was in a distant third place behind Mr. Bush and

Mr. Bush distanced himself Sun-

Mr. Dole on Republican side:

the main issue for both parties.

jority - who won't vote.

making up their minds.

right coalition for reinforcement of the NATO nuclear arsenal and slowing the movement toward arms control.

Controversy over the future of nuclear arms in West Germany has arisen following the INF Treaty, which eliminated two categories of missiles with ranges of more than 500 kilometers, ao approach known as the "Double Zero" op-

> Most of the remaining battlefield ouclear weapons of NATO are located in West Germany. Calls for a "third zero" to remove these specific weapons are coming from the position Social Democrats and also from many conservatives, who conteod that West Germany has been left conspicuously exposed to ouclear risk.

> Mr. Kohl formally rejected the third zero" in a speech Saturday. He said that West Germany wants East-West negotiations on cutting the oumber of short-range nuclear arms to equality for Warsaw Paet and NATO forces. Currently, the Warsaw Pact has, for example, 1.300 short-range missiles, compared with only 88 Lance missiles deployed by NATO in Europe.
>
> But Mr. Kohl also urged NATO to adopt what he called "a flexible

oegotiating approach" so that talks on cuts in short-range nuclear arms could start later this year without waiting for other negotiations to cut the superiority of the Warsaw Pact in conventional troops

Mr. Kohl refused to reply to re-peated questions about whether his government was ready to proceed with NATO plans to deploy improved versions of Lance and other existing short-range nuclear arms.

Citing both these problems, Mr. Carlucci said that West Germany would bring about a "triple zero" result if it allowed an arms control debate to eather momentum, or if it blocked NATO plans to install new nuclear arms under a plan set by the alliance in 1983 at a meeting of foreign ministers in Montebello in Canada

The Montebello plan, set up at a time when prospects were bleak for an INF Treaty, was a NATO program intended to remove many older battlefield nuclear weapons number of longer-range nuclear

to equip itself with new Lance mis-siles, air-to-ground missiles, artil-since 1984. DES MONES, Iowa — Repre- has been leveling at Mr. Dole, as sentative Richard A. Gephardt of candidates of both parties began Missouri -has widened his lead cooling their rhetoric on the eve of

The Democrats, with a tightly bunched group of front-runners, mark this spring, to demonstrate their "political will to ensure the survival of a common defense."

"If we isolate it, we reave to bave an alliance with the devil," Colonel Bendjedid said, warning that U.S. policy could push Colonel focused on attacking U.S. policy in Mr. Dukakis suggested that he survival of a common defense." Most European officials at the meeting, the 25th annual gathering would be willing to tolerate a Soviet client state in the region as long

es it was not "a platform for offen-sive military operations or the sub-the 25th loternational Wehrkunde version of neighboring govern- Encounter, joined Mr. Carlucci in pressing West Germany to adopt the foreign power, but the context cess" because it seeks bilateral ne- ooe's experience to any other coun-

Mr. Bush, appearing on an ABC

program, offered to "totally apologize" to Mr. Dole's wife, Elizabeth, if a Bush appearing on an ABC if a Bush campaign statement way, Turkey, Italy and Spain. Arabout Mr. Dole had caused her any guing that West Germany could offense. But he declined to extend ease the worries of its citizens by determined government leader-"I don't think he's mean-spirit- ship, Defense Minister André Gied," Mr. Bush said. "But I don't raud of France said that Western think the charges that that camnations should increase the range
paign has leveled against me over of their theater nuclear arms both "to address the understandable sensitivity of our German friends

Mr. Dole, interviewed on NBC, to ouclear risks and majotain deter-See IOWA, Page 4



Israeli troops using batons Sunday against Palestinian women in Ramallah, on the West Bank, during anti-Israel demonstrations.

Algiers Seeks Treaty to Neutralize Libya

By Jim Hoagland ALGIERS - President Chadli

Bendjedid is pressing his campaign to bring Colonel Moammar Gad-haft into a regional political accord with his North African neighbors despite U.S. efforts to keep the unpredictable Libyan leader in isola-

The Algerian president asserts that U.S. pressure is driving Colonel Gadhafi into "an alliance with the devil" that threatens stability in North Africa.

Colonel Bendjedid welcomed Colonel Gadhafi in the eastern and replace them with a smaller coastal city of Annaba on Saturday after the Libyan ended a two-day visit to Tunisia. That visit, ar-Mr. Carlucci said NATO needed ranged through Algeria, was Colo- last week with Katharine Graham,

The Eoropean members of tion to the accelerating Algerian
NATO, he urged, should recommit efforts to "neutralize" Libya themselves to this program at the through a policy of accommodation and political restraints.

"In the opposition of the sees "no possibility of ending the war" between Iran and Iraq through a policy of accommodation and political restraints.

"In the opposition of the sees "no possibility of ending the war" between Iran and Iraq through a policy of accommodation and political restraints.

was referring to the Soviet Union, which is the main arms supplier for both Libya and Algeria.

If this were to occur, Colonel Bendjedid added, Algeria also will require the presence of foreign United States.

The Reagan administration publicly has criticized Algeria's efforts to break the diplomatic quarantine on Colonel Gadhafi. The United States bombed Libya in April 1986 in retaliation for Colonel Gadhafi's alleged support for terrorists.

In a three-hour conversation late chairman of the board of The siles, air-to-ground missiles, artillery shells, bombs and aircraft that
could carry either nuclear or conlimited craft to draw its countries.

Washington Post Co., and reporters for The Washington Post and
Newsweek magazine, the Algerian

weapons but has balked thus far in part because of conditions imposed Gadhafi to agree to the establishment of foreign military bases on his territory.

Strains caused by laure to promise delayed such purchases.

A new Middle East peace effort by the United States "does not Gadhafi effectively will promise

dan. Arab nations are prepared to and frontiers, according to Colonel he flexible on a final settlement if Bendjedid. an international peace conference is called, he added

· He wants to include Morocco in the same regional grouping that bases." He again declined to be be is pushing Libya to join, and he hafi. "We see this through the Libyspecifie but at another point spoke wants to construct a joint gas ex-Intensely about his desire to import pipeline with Morocco if the prove military cooperation with the war in the disputed Western Sahara territory is resolved.

Colonel Bendjedid, a 59-year-old former army officer who came to had "an agreement in principle power in 1979, laid strong emphasis in the interview on the improvements that have occurred in U.S.-Algerian relations.

He discussed publicly for the first time his strategy of getting Colonel Gadhafi to sign the 1983 friendship treaty that links Algeria. Tunisia and Mauritania as a way of "freezing" Libya's support for de-stabilization of its neighbors and terrorist operations elsewhere.

"What we are doing will not let Gadhafi go ahead with the practice of terrorism," he asserted. "On the contrary, we are going to impose cooditions and these conditions have to be respected. If tomorrow on proposed sales. Budget con- Gadhafi does not respect his comstraints caused by falling oil prices mitments, it will be our problem to

Colonel Bendjedid did not name seem to have any chance of suc- "not to interfere, not to export

of his remarks made it clear that he gotiations between Israel and Jor- try, to respect the existing regimes"

"You cannot condemn a people because of its head of state," be continued when pressed about U.S. accusations against Colonel Gadan people, because the leadership will not remain forever. The United States bombed Libya, but Libya is

from all the parties" that Libya will join the friendship treaty. He said a date had not been fixed.

Algeria has sought to maneuver the nations of the region into common economic projects and a loose political union out of concern over the conflicts on its borders created by Libyan involvement in Chad, elements — the call for protests
Morocco's annexation of the forand the panic touched off in many mer Spanish Sahara territory and villages by rumors of settler incur-political uncertainty in Tunisia.

Colonel Gadhafi, however, at- violence that began Saturday night, tacks the existence of frontiers that according to army officers and separate Arabs into different coun- some residents. tries and has been lobbying Colonel Bendjedid for a constitutional Umar, a small village north of the political union that would be the city of Hebron, where three resifirst step for a larger pan-Arab dents were shot to death by soldiers

hafi's proposal had been cloaked in had fired shots into the neighbor-See ALGERIA, Page 4

Uotil last week, Colonel Bendje-nesses said the trouble began when did's attitude toward Colocel Gad-residents heard rumors that settlers

See ISRAEL, Page 4

JAPANESE RIGHTISTS BATTLE POLICE — Rightist protesters fighting with policemen Sunday in Tokyo at a demonstration outside the Soviet Embassy. The protest was to demand the return of four northern islands that the Soviet Union has held since the end of World War II.

Kiosk **Mudslides Kill** 127 Near Rio

RIO DE JANEIRO (Res ters) — Floods and mudslides have killed at least 127 people in Brazil, including 100 in the natioo's old "summer capital" of Petropolis, just north of here. Civil Defense officials said Sunday. Petropolis was isolated and

without electricity following the disaster over the weekend. MONDAY O&A

Ivan Ivanov, a Soviet trade official, discusses Moscow's progress in attracting investment. Page 13.

Business/Finance Rupert Mindoch has agreed to sell the New York Post for \$37 million contingent upon major union concessions. Page 11.

Special Report investors are taking a new interest in small stocks. Personal

Can Americans Curb Their Spending Habits?

By Louis Uchitelle New York Times Service NEW YORK — For years, Americans have been the world's most determined, enthusiastic consumers. The simple living conveyed in Norman Rockwell's illustrations

or Grant Wood's famous painting of a severe, Midwestern farmer and his wife, has been lost in the 1980s. In one sense, America's free spending has been good for the world. The endless buying and importing has kept factories humming everywhere. The United States, as economists like to say, has been the

locomotive of the economic expansion since 1982, staying off recession To keep up their purchases, however, Americans have spent beyond their means, a phenomenon reflected in their very low personal savings rate — the lowest since the 1940s and also in the U.S. budget deficit.
Without enough savings, the deficit will persist, and with it, the need to borrow hundreds of billions of dolStates generates enough income to

lars from abroad. But now the nation is getting a rare chance - 2 "window of opporrunity," as Paul Samuelson, a Nobel Immeate in economics, calls it - to spend less, save more and still not damage the fragile world economy. Foreign consumers are creating this opportunity, by relieving Americans of some of the buying burden.

The sharp rise in American exports is one sign of this new spirit of consumption abroad. With others taking up the buying slack, Ameaican consumption might even be able to slow down, as it has in recent

months, without provoking a reces-

"Don't sound the bugles yet," Mr. Samuelson said, "but we in America are in a position to shift back from a high consumption gear to a savings gear without sacrificing output or employment."

Not everyone agrees. Paul Davidson of the University of Tennessee, editor of the Journal of Post Keynesian Economics, for example, insists that in the aftermath of the stock market collapse, the American how strongly exports grow to offset

weaker buying at home.

And Alan Reynolds of Polyconomics Inc., a consulting firm, contends that the low personal savings rate is not a problem. Enough savings have been accumulated worldwide, he says, to finance whatever

pay the interest on its borrowings, it does not matter whether the money borrowed comes from savings accumulated in the United States, Japan, Europe or elsewhere.

"My answer," he said, "is that we are investing in more than enough income-producing assets to carry the debt easily in the years ahead."

This view is in the minority, however. In Washington, in corporate America and in capitals around the growing sease of urgency; that nation. Similar missions are expectational battle to be recognized as the capital strain and a way to curb its ed soon from Poland, East Germanal of the "real" Korea.

See BUY, Page 15

economy is so precarious that any tinkering with domestic consumption could set off a crash, no matter

By Fred Hiatt

friends with communists has suddenly become the rage. When Transportation Minister munist boom" in a nation where The overtures toward the com-

Cha Kyu Hun unveiled plans last books by Karl Marx cannot legally munist world are especially remonth to spur tourism between be sold is the Olympic Games markable for following so closely scheduled for Secul in September. surprising speed.

South Korean trade promotion agency opened an office in Budapest in December and that Hungaare wider markets for South Koer nations to do the same. office opening in March.

South Korea and any communist uy and Yugoslavia, officials said. Officials said South Korea might smoothly staged, Secul will defi-

China and the Soviet Union, he China, the Soviet Union and most Korean Air flight in November. A was only the latest to jump on a East bloc nations have accepted woman who was arrested after flybandwagon that has been gathering invitations to the Games, even ing on the first leg of the flight though none of them maintains of confessed last month to being a A day earlier, Foreign Minister ficial relations with South Korea, North Korean agent who had Choi Kwang Soo disclosed that the and despite a threat from their ally, planted a bomb aboard the flight North Korea, to boycott the event. Seoul harshly condemned North

ry would reciprocate with a Seoul rea's industrial goods, expanded office opening in March. sources of raw materials for a re-The exchange will represent the source-poor nation and, perhaps first official relationship between most important, increased international respectability in Seoul's long

even extend development loans to nitely become the center of politics By Fred Hiatt

twashington Post Service

SEOUL — In this staunchly
anti-communist nation, making
friends with communists has suc-The immediate spur to the "com- tute of North Korea Studies.

Korea for the attack and urged oth-

South Korean officials are anxious, however, not to give other communist nations any reason to shun the Olympics, and so have ation, according to Polisi kept the criticism focused tightly ports, is the Bocing 767. on North Korea. They did not publicize the agent's confession until

See KOREA, Page 4

Western Aircraft Firms

By John Tagliabue New York Times Service

WARSAW - Western aircraft manufacturers are positioning themselves for possible sales to Eastern Europe as chinks appear in what was once a closely walled So-

Sales of the jet passenger aircraft that the East bloc airlines are destives of Airbus — a consortium of

governments are burdened with huge debts, making expensive purchases difficult, especially in the Western currencies that are in short supply here. In addition, such sales would have broad implications both for the Soviet Union, as the East bloc's technology pacesetter, and for the West, whose policy has been to restrict high-technology ex-ports to the East because of their potential for military use.

concerns and other reasons, several East bloc airlines are reported to be negotiating the purchase or lease of Western civilian aircraft.

If the deals succeed, they would shatter a virtual monopoly of the its North American rivals, Boeing peace process. Co. and McDonnell Douglas Corp.

Moscow has pledged to deliver a new generation to replace its older Ryushin, Tupolev and Antonov aircraft oow in use by its allies.

But East bloc officials say delivcries are not likely to begin until the

rector of Poland's state-owned Lot preted in favor of Ortega but as an Airlines, announced in January opportunity for the peace plan" that his company was discussing signed by five Central American purchase of two or three long-range end armed conflict and encourage aircraft that would go into service democracy in the region. by 1989 on trans-Atlantic routes. One of the planes under consider- Mr. Arias said, "Now that aid has ation, according to Polish news re- been cut to the contras, we must

lo Budapest, Hungarian officials said the national airline, Maley, wanted to lease Western-built mediam-range planes for European

Look to the East Bloc routes. The Hungarian press agency MTI recently reported from Bu-dapest that Maley was on the verge of leasing at least two 747s from an

American company, Sunworld In-

ternational Airways, in order to be-

gin a new route from Budapest to New York. And in West Germany, execuperately seeking are far from certain.

For one thing, most East bloc East bloc airlines were shopping

Arias Urges Communists Still, because of Soviet inability to meet demand, safety and coise To Halt Aid

By William Drozdiak and William Branigin Washington Post Service

SAN JOSE, Costa Rica - Presimarket by the Soviet Union. More-dent Oscar Arias Sanchez has over, they would spill onto fresh called on the Soviet Union and Eastern European terrain the bitter Cuba to cut all military aid to battle among Western Europe's Marxist rebels in Central America Airbus Industrie consortium and as the next step in the regional

Mr. Arias welcomed the vote last week by the U.S. House of Representatives rejecting further military aid to the U.S.-backed Nicaraguan rebels, known as the contras.

Referring to Nicaragua's president, Daniel Ortega Saavedra, he Jerzy Slowinski, the general di- said the vote should not be "interwith Western manufacturers the presidents in August in an effort to

> lo an interview at his residence. also ask the Soviets as well as the Cubans and all those who have been supporting the guerrillas in El

See PEACE, Page 4

Pages 7-10.

Dee naghti (1 or 3 nights Fr.St RELAX IN ST.TLE The Scrick Same Positions

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eit Limbu

Jean Vanwelkenhuyzen, a Belgian member of the panel, said he obtained the previously impublished documents on Saturday when he

The six-member International Commission of Historians has spent

spent five months investigating Mr. Waldheim's wartime activities and on Monday will deliver a report to Chancellor Franz Vranitzky that is expected to be highly critical of Mr. Waldheim's role in Hitler's army

Mr. Vanwelkenhuyzen said the new documents did not name Mr.

Waldheim, who denies allegations that he was involved in war crimes, but put into context a document that appeared in the West German magazine

Der Spiegel last week. That document purports to be a 1942 telegram saying Mr. Waldheim ordered the deportation of more than 4,000

visited an archive in Yugoslavia while on a last-minute effort to find

another document thought to incriminate Mr. Waldheim.

Finding Komsomol Too Dull, Soviet Youths Look Elsewhere

New York Times Service MOSCOW - Viktor L Mironenko's son, Dima, turned 14 a month ago, and like most Soviet teen-agers he now faces an important decision. Will he join Komso-mol, the huge youth arm of the Communist Party and the route to power and prestige pluralism and democracy.

He criticized Komsomol for lapsing into for generations of Communists, including Mikhail S. Gorbachev?

Not long ago the answer would have been obvious: Dima's father is the national head of Komsomol. Yet, Dima is undecid-

"I tried to talk with him twice about this subject, but he hasn't given me an answer," said Mr. Mironenko, with a trace of exasperation. "He evades the answer. He says, 'l have to think about it.' "

Dima's hesitation about something that was once a foregone conclusion of Soviet adolescence is one symptom of turbulent times in the Communist youth organiza-

In growing numbers, Soviet young peo-ple are rejecting Komsomol as stuffy and docurnaire, and some of them are trying to organize their own, independent forms of about 38 million, since 1985, and that the

quarters, Mr. Mironenko talked for nearly three hours about Komsomol's dwindling membership, its tarnished reputation, and the challenge presented by unofficial political clubs that have sprung up in response to Mr. Gorbachev's promises of greater

hureaucracy and self-importance, but in-sisted that the organization would recover its position as the unquestioned molder of orthodox Marxist-Leninists. The rumors of the death of Komsomol

are greatly exaggerated," he said, reciting a line he has had occasion to use more often than he would like.

He denied charges that Komsomol is out ical clubs that have emerged as budding rivals to his organization. But he conceded that he had read and supported a personal attack on several leaders of unofficial political groups before it was published last Sunday in the Komsomol oewspaper.

He disclosed that Komsomol member-

ease the pressure on teen-agers to join.

He said he agrees with Soviet analysts from the Ukraine in July 1986, apparently who believe that a growing oumber of to clean house and give Komsomol a more Soviet young people are drifting toward modern image religion, but he said he sees oo reason to He has trav

youth organization. Komsomoi — whose full formal title is of Youth — is open to young people 14 to 30, and while membership is not mandato crush the activities of independent polit- some careers, such as teaching, the law, the improving treatment of veterans. military officer ranks or journalism.

for economic and political change.

ship has declined by nearly four million, to
about 38 million, since 1985, and that the
number of 14- and 15-year-olds who join

At Komsomol Central Committee headhas dropped by one fourth. He said this mates as "several hundred million" rubles. organizations, including a nationwide netuarters, Mr. Mironenko talked for nearly reflects "a certain loss of authority," but
A former history teacher with the earuree hours about Komsomol's dwindling also results from a deliberate decision to nest, animated speaking style of a pracenvironmental groups, and political closs ticed politician, he was brought to Moscow of various stripes.

> He has traveled to the United States influence over other independent groups. change the policy banning those who be-lieve in God from Konsomol. Atheist edu-desk, and sprinkles his conversation with the agitation and propaganda department cation is one of the primary tasks of the lines from Twain, Saint-Exupery, and Na- of Komsomol warned that independent

Since his arrival in Moscow, Mr. Mironthe All-Union Leninist Communist Union enko has begun to shift Komsomol's emphasis from tedious meetings and pointless civic projects to such matters as improving ory, it has long been considered important scientific and professional training, confor admission to good universities and for struction of youth housing complexes, and

But the criticism has not ahated. Many Under Mr. Gorbachev, Komsomol has young people still joke about Komsomol the added task of mobilizing an ambivalent activists, calling them "troikas," slang for younger generation behind the campaign three-piece suits. Boris N. Yeltsin, before his removal last November as head of the Mr. Mironenko, 34, is the youngest man Moscow Communist Party organization, are, maybe not anti-socialist, but with their to head the Communist organization in called Komsomol "undemocratic and out

New Waldheim Documents Emerge VIENNA (Renters) — A historian investigating Kurt Waldheim's wartime past said Sunday that he had found documents that will strengthen the case against the Austrian president by backing evidence Last November, Komsomol brought

most of the veterans' clubs under its wing, and more recently it has set out to assert its An internal report prepared last fall by groups were luring away young people "disillusioned by formalism" in Komsomol. and recommended procedures to discredit "extremist leaders" and bring the

others "within the framework of existing

Komsomol organizations." Mr. Mironenko said the document was sent to local Komsomol officials as "orientation and guidance." He insisted it did not amount to stifling or banning independent political activity, as some who learned of it

But he added, "There are groups that own interpretation of socialism." In those cases, he said, Komsomol "should sustain relations until the group is within the

He said that under the present

system, mattractive interest rates

for personal savings discouraged

people from making long-term de-

banks could then finance new busi-

nesses, making more goods and ser-

Mr. Shmelyov also said that if

enterprises were permitted to issue

and sell shares and people allowed

to invest in them at an interest rate

of 7 to 10 percent, state farms and

industries would be able to raise

"tens of billions of rubles."

vices available to the people.

If that were to change, be said,

posits in banks.

2 Jets Nearly Collide Over England

during World War II.

compiled by a panel of historians.

LONDON (AFF) — The Civil Aviation Authority ordered an inquiry Sunday into the oear-collision of a British Airways TriStar and a Baltan Airlines Tupolev-154 over southeast England. Airmes Tupolev-154 over southeast England.

The TriStar, with 343 people on board, came near to colliding with the Tupolev, carrying 154, as they descended Saturday toward Heathrow and Gatwick airports. The aircraft came within 300 meters of each other before the captain of the TriStar swerved up and to the right to avoid disaster, a British Airways spokesman said.

After the incident, both planes landed safely.

UN Agency May Cut Back in Lebanon

VIENNA (Reuters) — The United Nations Relief and Works Agency said Sunday that it may be forced to halt its operations in parts of Lebanon after the kidnapping of two of its workers near the southern city

Masked gummen seized Jan Stening, 44, of Sweden, and William Joergensen, 57, of Norway, on Friday. The victims were among 14 international staff members with the agency in Lebanon, which provides aid to 280,000 Palestinian refugees. More than 2,000 Palestinians also

work for the organization.
"Whatever the outcome of this event," the agency said, "we will have to seriously consider calling a halt to our operations in the Sidon area or a even in other parts of Lebanon if we cannot be guaranteed freedom of ment for our staff carrying out their humanitarian task."

U.S. Asked to Help Marcos Daughter

R. Marcos has begged U.S. officials to allow her daughter, Innee Marcos Manotoc, to come to the United States for gynecological treatment. Mrs. Marcos, wife of Ferdinand E. Marcos, the former Philippine president, said Saturday that Mrs. Manotoc, 30, who lives in Moroc-co, has lost 15 pounds (7 kilograms) in recent weeks. The former president's wife said this may be due to complications stemming from the birth of a stillborn child four years

HONOLULU (UPI) — Imelda

ago. Mrs. Marcos said she had been told that her daughter would not be allowed into the United States unless she agreed to appear before a

grand jury investigating her father. The grand jury is looking into the alleged kickbacks of millions of dollars from U.S. funds to the Phil-

For the Record

An unarmed Trident-1 missile explored Saturday 18 seconds after it was launched on a training test from the ouclear submarine Simon Bolivar several miles off Cape Canaveral, Florida, the U.S. Navy report-

ed, adding that it would study what went wrong.

(AP)

A moderate earthquake rocked parts of Bangladesh and India on Saturday night, killing two persons and injuring more than 100, according to the authorities and news reports. The deaths and most of the injuries came at Slyhet, in northeastern Bangladesh, the government newspaper Dainik Bangla reported.

(AP)

Imee Marcos Manotoc

TRAVEL UPDATE

U.K. Ferries Work on Strike Backlog LONDON (Reuters) - Congestion at English Channel ports in

Britain eased on Sunday after most British ferry seamen called off a

national strike and returned to work.

Seamen at Folkestone and Dover obeyed an order from their trade union to resume work and began to reduce a backlog of hundreds of trucks waiting to cross the channel

But service between Dover and Calais, France, the main ferry route, continued to operate at half normal capacity following a vote by 3,000 seamen of the P&O line to stay out in a local dispute over threatened job

Ground staff of TAP-Air Portugal, the state-run airline, has called a 24hour strike for Friday to press a wage demand. Union sources said the airports at Lisbon, Oporto and Faro would be severely affected. (Remers)

Quantas Airways Ltd. says it will begin service between Australia and New York in early April. Flights to Melbourne and Sydney, with a stop in San Francisco, will depart New York at 6 P.M. on Wednesdays, Fridays and Sundays, Quantas said. Flights to Sydney via Los Angeles will depart New York at 6 P.M. on Mondays, Thursdays and Saturdays. The New York-to-California legs will be aboard American Airlines planes. (UPI)

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

TUESDAY: Lebanon, WEDNESDAY: Bolivia, Malta.

THURSDAY: Cameroon, Japan. Liberia, Vatican City.

AMERICAN TOPICS

Driving on Lake Ice Is Pleasant But Risky

Frozen lakes have always been a place of wintertime recreation in the northern United States. People skate on them, play ice hockey on them and bore holes through their thick frozen surfaces to fish. Cars often fall through the ice, occasionally with fatal results. The law requires that sunken cars be salvaged promptly in order to minimize pollution and hazards to navigation when summer comes. Car retrieval is a profitable busi-

Some people's ootioo of a good time is to speed, skid, spin and do figure-eights in the cars on the ice. William E. Schmidt reports in The New York Times from Polk City, Iowa. Some use their cars to commute to ice-fishing shanties far offshore.

Driving on frozen lakes, both as recreation and as a shortcut to destinations on opposite shores, is legal in most Middle Western states. County workmen plow roads through the snow on Lake Winnebago in Wisconsin, which measures 10 hy 50 miles (16 by 80 kilometers). Sheriff's deputies patrol the lake and issue tickets for speeding or reckless driving. An average of 15 cars a year fall through the ice of Lake Winne-

Steve Dawson fishes automohiles from the bottom of icy lakes with a chain and grappling book. The service can cost as much as \$2,000 per car.

Notes About People

"Guns don't kill people, bul-lets do," Senator Daniel Patrick Moynihan, Democrat of New York, said in a letter to The Washington Post. He has introduced a hill to ban production and sale of .25 and .32 caliber Night Specials," the cheap pis-tols commonly used in felonies. He said he would introduce further legislation to outlaw the 9mm rounds used in the Uzi submachine gun, now becoming the drug world's favorite weapon.

Elizabeth Taylor, who has written a book, "Elizabeth Takes Off," about reducing from 180 to 120 pounds (81 to 54 kilograms), was asked by a Los Angeles Times reporter if she had had a face-lift. She replied: "I did have a chin tuck, because there was so

in a single malt.

Isle of Jura

SINGLE MALT SCOTCH WHISKY

The flavour of an island

PLENTY OF PUFF — At a surprise 77th-birthday luncheon at the White House on Saturday, President Ronald Reagan blows out the candles on a cake presented by wife, Nancy. guest room a new daybed/For unannounced visits from Cousin Fred." When a local magazine did a cover story about him in

much skin, 1 haven't had suction, I haven't had a face-lift." The actress added, "This is the last time I'm going to answer this question, because it's oobody's

Donald T. Regan, the former White House chief of staff, was one of the speakers at the 75th annual Alfalfa Clob dinner of 650 Washington powers that be, such as President Ronald Reagan and former Secretary of State Henry A. Kissinger. It was held the night before the most publicized game in U.S. sports was played in San Diego, 3,000 miles (4.850 kilometers) distant. "It's a humbling experience." before hundreds of eminent men who are willing to admit publicly that they're here because they haven't got the clout to get a Super Bowl ticket."

Short Takes

Every city, notes The New York Times, has at least one "inescapable television pitchman." In Houston, it's Jim MeIngvale, 37, who sold \$25 million worth of furniture last year. He spent \$3 million on high-decibel commercials with lines like, "And in the

1986, it quoted one advertising executive as calling him "an embarrassment to the advertising industry as well as to the furniture industry." Mr. McIngvale cheerfully recounts, "I can't tell you how many times someone is out there signing a check and they look up and say, 'I want you to know I hate your ads.' I think that's fine, just keep writing the

A \$500,000 chapel will be built this year at Camp David, the presidential retreat in the Catoctin Mountains of Maryland, with private contributions. A White House spokeswoman said it will be octagoo-shaped, with 150 scats. The chapel was proposed to Mr. Reagan last fall by Kenneth Plummer, a retired builder in the area, who recalls camping there as a Boy Scout before Camp David was established. Mr. Reagan oot only approved the idea, but made the first contribution, \$1,000.

Arthur Highee

streamline administration in the Soviet republic, according to the local Communist Party newspaper. The officials were dismissed when 14 ministries and government agencies and 83 lower-level organizations were abolished, said the Feb. 6 edition of Pravda Ukrainy.

80,000 Bureaucrats Lose Jobs in Ukraine

MOSCOW - Nearly 80,000 bureaucrats have lost their jobs in the Ukraine as part of a campaign to

government official said Sunday.

accept an honorary doctorate from the University of the Western Cape. Last year he applied for a visa to visit his hospitalized father.

Gerrie van Zyl, director-general of home affairs, said the latest application, like the one in 1987, was turned down. South Africa does not give reasons for visa decisions. The Afrikaans Sunday newspaper Rapport, published in Johannesburg, said Mr. Breytenhach asked his sister, Rachel, to accept the doc-

Moscow Replaces Official in Charge Of Carrying Out Economic Reforms By Gary Lee sions. They been introduced gradu-ally since Mr. Gorbachev came to is immoral, and all that is effective

ally since Mr. Gorbachev came to

pected to undergo close observa-tion at a major conference of the

■ Economist Urges Change

David Remnick of The Washing-

A Soviet economist known for

his support of many free-market ideas has called for an understand-

ing of the economy that is a radical

departure from orthodox Marxist-

Leninist ideology and practice. Nikolai Shmelyov said in an in-

terview in the current issue of the

Moscow News that "we have to

Washington Post Service

Washington Post Service MOSCOW — Nicolai V. Talyzin, the head of the powerful Soviet power three years ago, and are ex-Committee for State Planning, has been transferred to another post, the official Tass news agency re- Soviet Communist Party in June.

Mr. Talyzin, 59, one of the senior officials who was appointed to in- ton Post reported from Moscow. troduce the economic revisions promoted by Mikhail S. Gorbachev, has been named chairman of the Bureau for Social Develop-

ment, Tass said Saturday. Ynri D. Maslokov, 51, was named the new chairman of the planning committee, which is known as Gosplan, Mr. Maslukov was the chief of the Military-Indus- introduce into all spheres of our

trial Commission. The replacement of Mr. Talyzin was viewed by Western analysts here as a signal that the Kremlin was dissatisfied with the slow pace of reforms, and was placing the blame on high-level personnel. In a speech in June, Mr. GorbaIn Arms Treaty Dispute

chev attacked Mr. Talyzin and other economic officials for not recognizing shortcomings in the Soviet economy. The public criticism was viewed as a warning to Mr. Talyzin that his job could be in jeopardy.

The appointment of Mr. Maslokov is the latest in a series of indica- Committee, said Sunday that he tions that officials from the Soviet had invited Secretary of State military-industrial sector are being George P. Shultz to appear before called on to remedy problems in the committee to discuss a constitu-In recent months, other senior mili- cantly delay ratification of the Intary officials have been transferred termediate-Range Nuclear Forces to work in different sections of the Treaty. civilian economy.

ment handles such matters as hous- least a small delay in ratification as ing, transportation and youth. a result.

Mr. Maslukov also was appoint-

South Africa Poet Is Refused a Visa

CAPE TOWN — For the second time in a year, the South African poet Breyten Breytenbach has been refused a visa to visit his country, a

Mr. Breytenbach, who lives in France, had sought permission to go to South Africa in March to By Robert J. McCartney not reflect the true meaning of an arms control treaty.

MUNICH - Secator Sam Nunn, the Georgia Democrat who heads the Senate Armed Services over the INF Treaty. the civilian sector of the economy, tional dispute that could signifi-

Senators Invite Shultz

The committee will hear oo ad-Mr. Talyzin will keep his posi- ministration witnesses on the treaty tion as first deputy prime minister. until the issue is cleared up, Sena-The Bureau for Social Develop- tor Nunn said, so there will be at

Senator Robert C. Byrd, a West ed a first deputy prime minister. He has spent most of his career as a majority leader, predicted that the end. administration would satisfy his The shake-up at Gospian could be the result of an analysis of the the issue. They wrote Mr. Shultzlast week expressing dismay over the administration's refusal to declare that testimony hy administra-tion officials about what the treaty

means is legally binding. "This is just a little internal disagreement," Senator Byrd said. "I believe the assurances will be

Senator William S. Cohen, a Maine Republican, also said that he expected the dispute to be resolved rather quickly, although he did oot say how. The senators were in Munich to attend a top-level military affairs conference.

The root issue in the controversy does not concern the INF Treaty. Instead, it grows out of a dispute over the administration's position that the 1972 Anti-Ballistic Missile the senators can be satisfied." She Treaty allows tests of missile defense technologies in space.

That broad interpretation of the from the senators on this issue. ABM Treaty conflicts with testi-mony from Nixon administration officials at the time of Senate ratification of the pact. But the Reagan ing conservative Republican senaadministration has contended since tors, who are contesting the Demo-1985 that officials' testimony might crats' position.

That position enraged many

Democratic senators, who now want to prevent the administration from making the same argument "The hall's in their court," Senator Nunn said, alluding to the Rea-

to have to have answers." He added that it was not the

purpose of the committee to hold up the INF Treaty, but he said there would be "some kind of delay" because of the oeed to rearrange his committee's schedule for witoesses while awaiting Mr. Shultz's appearance.

Senators Nunn and Byrd plan to

■ White House Criticism Michael R. Gordon of The New York Times reported earlier from Washington:

The White House has criticized Senate Democratie leaders for threatening to delay approval of the treaty. The criticism was made by a White House official on Saturday

who said he was providing the offi-cial position but who declined to be identified. He also suggested that the public would oot support the move by Senate Democrats. State Department officials, by

contrast, took a more conciliatory public line, without addressing the specific concerns of the senators. Phyllis E. Oakley, a State De

partment spokesman, said: "We are confident that the concerns of added that Mr. Shultz would be "available to answer all questions"

But the State Department did not say how it would satisfy the Senate Democrats without alienat-

MONDAY: Grenada, Iraq.

FRIDAY: Mauritius.

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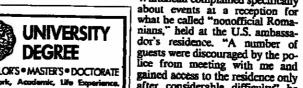
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Whitehead Says Ceausescu Resented Iranians Hit U.S. Concern on Rights in Romania U.S.-Owned

for nearly three hours, a visiting "He seemed to res U.S. official said he had found the of these subjects." This was par

nunciation of Romania's record on manian people, including restraints on freedom of religion, speech and human rights. "I must say in all candor that I the press. was disappointed at not being able to convey successfully to President



BACHELOR'S . MASTER'S . DOCTORATE

after considerable difficulty" he said, adding that "others were prevented from coming at all." One major issue in U.S.-Romanian relations involved the U.S.

the legislation remains in commit-

human rights policies.

The official, Deputy Secretary of State John C. Whitehead, set aside diplomatic protocol Saturday to

In an interview, Mr. Whitehead turn his airport departure statement into a blunt official U.S. de-

> Speaking at the airport, Mr. Whitehead complained specifically whole range of other things in the human rights area that are repugnant to Americans."

siovakia in 1968. practice of granting most-favorednation trade status to nations that

By Henry Kamm

New York Times Service

BUCHAREST — After meeting with President Nicolae Ceausescu freedoms," Mr. Whitehead said for nearly three hours, a visiting of these subjects.

Ceausescu the deep feelings that my country has about human rights and the importance of individual against President Ronald Reagan's recommendation to continue the trade advantage for Romania, but U.S. official said he had found the of these subjects.

Ceausescu the deep feelings that my country has about human rights and the importance of individual against President Ronald Reagan's recommendation to continue the trade advantage for Romania, but the legislation regression and the importance of these subjects.

31 no exit permits had been issued. "That, of course, is disturbing," he said. "Whether they like it or not, that is our law, and the president will evaluate their performance by this standard. And there are a

Romania and the United States have enjoyed relatively close ties in the past, based mainly on Romania's willingness to pursue a foreign policy independent of the Soviet Union Romania did not break diplomatic relations with Lored in the Soviet Union Romania and the Soviet Union Romania and the Soviet Union Romania and the Soviet Union Romania did not break diplomatic relations with Lored in the Soviet Union Romania did not break diplomatic relations with Lored in the Soviet Union Romania did not break diplomatic relations with Lored in the Soviet Union Romania did not break diplomatic relations with Lored in the Soviet Union Romania did not break diplomatic relations with the Soviet Union Romania did not break diplomatic relations with the Soviet Union Romania did not break diplomatic relations with the Soviet Union Romania did not break diplomatic relations with the Soviet Union Romania did not break diplomatic relations with the Soviet Union Romania did not break diplomatic relations with the Soviet Union Romania did not break diplomatic relations with the Soviet Union Romania did not break diplomatic relations with the Soviet Union Romania did not break diplomatic relations with the Soviet Union Romania did not break diplomatic relations with the Soviet Union Romania did not break diplomatic relations with the Soviet Union Romania did not break diplomatic relations with the Soviet Union Romania did not break diplomatic relations with the Soviet Union Romania did not break diplomatic relations with the Soviet Union Romania did not break diplomatic relations with the Soviet Union Romania did not break diplomatic relations with the Soviet Union Romania did not break diplomatic relations with the Soviet Union Romania did not break diplomatic relations with the Soviet Romania did not break diplomatic relations with the Soviet Romania did not break diplomatic relations with the Soviet Romania did not break diplomatic relations with the Soviet Romania did not break did not break did not break did not break did not b lomatic relations with Israel in fire in the attack. The crew put out the fire and the ship continued out the Soviet-led invasion of Czecho-

ment that common views continued to exist "on a large number of stopped for questioning about its

DUBAL, United Arab Emirates U.S. official said he had found the of these subjects.

Romanian leader unwilling to listen to American concerns about human rights policies.

The official Deputy Secretary of State John C. Whitehead, set aside of these subjects.

"This was particularly disaption remains in community the legislation remains in community the legislation remains in community.

Although Romania has been comparatively liberal in allowing Jews and ethnic Germans to leave, and frigate fired warning shots across the bow of amother ship, the legislation remains in community the legislation remains in community.

Although Romania has been comparatively liberal in allowing Jews and ethnic Germans to leave, and frigate fired warning shots across the bow of amother ship, the legislation remains in community to the legislation remains in community.

The official policies.

shipping sources said.

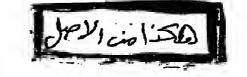
It was Tehran's fourth attack in the Gulf in five days, raising tension among shippers following a lull in raids in January.

The shots his the second se The shots hit the engine room and crew quarters of the 64,140-too

Diane. The ship was four miles (six kilometers) off the United Arab Emirates port of Mina Sagr at the time of the attack early Sunday, the sources said. The ship, owned by North American Ship Agencies in New York

but flying the Liberian flag, caught of the Gulf without assistance. ovakia in 1968.

Mr. Whitehead said in his state
fired warning shots near a ship that



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documents did not name More was involved in war cimes by ad in the West German magnes purports to be a 1942 recept portation of more than 440.

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L. came near to colliding with the Saturday toward Heathrow as ithin 300 meters of each other ed up and to the right to any

Back in Lebanon

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halt its operations in pars its workers near the southern of

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Larcos Daughter

Imee Marcos Manotoc

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demand. Union sources sal ould be severely affected the gin service between Australia: ibourne and Sydney, with and at 6 P.M. on Wednesdays, Fin

Sydney via Los Angels wilds jursdays and Saurdays Ter American Airlines plans (

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Ship in Gul

chine gun fire Sunday in less ern Gulf, three hours after at an frigate fired warned; across the bow of moths; chierning course caid.

shipping sources said.
It was Tehran's fourth and

the Gulf in five days, looking ston among shippers looking in raids in January.

The shots hit the establishment of the author of the shots of the shots and crew quarters of the shots of the

The ship, owned by North

ican Ship Agencies in but flying the Libertan is fire in the attack. The con-

stopped for cargo.

ria, Vatican City.

JPDATE

i safety.

ments Emerge investigating Kurt Walking in president by backing evident For Both Parties in Iowa Vote, Social Security Is a Main Issue

By Paul Taylor

president are cast, candidates of tion's 1981 tax cuts.
both parties acroed in on specific. Mr. Gephardt, who had said in a

The most popular issue has been Social Security, the most durable issue in Security, House and presidential campaigns throughout the

On the Republican side, Representative Jack F. Kemp of New York has been using tolevision ad-vertisements, direct mail and strong spenches to accuse his prinon Anthority ordered an inner th Airways TriStar and a balas cipal rivals of wanting to under-paine the system, raise its payroll taxes or cap its benefits.

His targets, in turn, charge him with distorting their positions and "fear-mongering" the issue in a way that they typically associate with Democratic campaigns.

"I'm airaid Kemp has 'Claude Pepperized' the debate," said Den-nis Rochford, Iowa campaign manager for former Delaware governor Pierre S. du Pont 4th, referring to the 87-year-old Florida congressman who champions the elderly. On the Democratic side, Senator Paul Simon of Illinois released a radio commercial in which he

lashed Representative Richard A. Gephardt of Missouri for having "led the light in 1985 to wipe on cost-of-living increases for Social Security recipients."

contargo that was unpopular in make a case it cost the Republicans the Senate in 1986," Washington Part Service lows, for weapons systems such as DES MOINES, lows — in the the B-1 bomber and MX missile, few days before the first votes for and for the Reagan administra-

issues that they think can change speech last week that any politician minds and ballots. who "touched" Social Security would be violating "a sacred trust,"
sesponded through campaign staff
that Mr. Simon supported a similar
proposal in 1985 to cap Social Secaptive cost of living-adjustments as curity cost-of-living-ac part of broader deficit-reduction

> One surprise of the 1988 campaign is the way such spats have been insignated into each party's internal debates at a time when there is no short-term peril to the financial security of the system.

Early in this decade, when the system was in financial trouble. Social Security was often the subject of cross-party sparring, with Democrats accusing Republicans of not wanting to save it.

In 1983, a bipartisan rescue package put the system on solid ground for the near term. But Democratic congressional candidates found in 1984 and 1986 that, by citing an opponent's vote in favor of benefit reduction or cost-of-livstanding in polls.

"I don't think there has been another issue that has affected more races in this decade than So-

One reason that such tactical thrusts are part of presidential campaign politics for the first time is demographic.

lowa is among the top three states in its percentage of elderly residents. According to estimates from both parties, more than half of the people attending past lowa caucuses were at least 50 years old. That percentage could increase

this year after an ioteosive, \$700,000 effort by the American Association of Retired Persons to get its 300,000 Iowa members to vote in the caucuses Monday night. The effort includes \$400,000 of

television ads — about equal to what the best-funded campaigns here are spending — 125,000 phone calls and 600,000 letters in the past month. No other issue group is doing as much.

The association has chosen to concentrate on long-term bealth care for the elderly, which has not become what politicians call a "voting issue," largely because all of the candidates agree that more needs to be done.

Other prominent issues in past presidential contests - gun control, abortion and arms control ing cap, they could enhance their are almost nonissues this year. On abortion, for example, all Republicans are basically "pro-life," while all Democrats are basically "pro-

Security recipients."

cial Security," said Lee Atwater,
The commercial also cited Mr. campaign manager for Vice PresiGephardt's votes for a 1980 grain dent George Bush. "You could nation fights are nonexistent. Foreign-policy fights that have dominated other Republican nomi-



Governor Evan Mecham testifying before the Arizona House.

Arizona House Impeaches Governor in a Loan Case

New York Times Service

PHOENIX, Arizona - The Arizona House of Representatives has impeached Governor Evan Mecham for "high crimes, misdemeanors and malfeasance in office."

The resolution of impeachment, which is tantamount to indictment, was adopted Friday on a 46-14 vote, sending the case to the state Senate for trial.

Mr. Mecham is accused of trying to conceal a \$350,000 campaign loan, of borrowing \$80,000 in state funds for his automobile dealership and of trying to thwart investigation of allegations that a state official made a death threat against a former aide who testified before a grand jury about the loan. He has denied all the charges. Under the state constitution, Mr. Mecham, 63, a Republican, must yield the governor's office to Secretary of State Rose Mofford, a Democrat, who will be acting governor pending the Senate action. If Mr. Mecham is convicted, she will become governor.

Testifying earlier Friday at hearings by a House select committee, the governor asserted that the proceedings were a vendetta by his political enemies and the news media. "I'm going to be able to go on and acquit myself," he said.

Last-Minute Caucus Problem: Time to Vote, But for Whom?

By David S. Broder Washington Past Service

DES MOINES, Iowa - Timothy McCarthy, an attorney, said he will declare himself uncommitted at the Iowa Democratic cancuses Monday night, hoping to send a signal to Governor Mario M. nomo of New York to enter the U.S. presidential campaign.

Dean Payton, a banker, said be was leaning toward former Gover-nor Bruce Babbitt of Arizona, who trails in the public opinion surveys. Mr. Payton said, however, that he might vote for Senator Paul Simon of Illinois simply because be thinks it important that the Iowa caucuses "send a strong signal for someone."

Carla Stephan, a homemaker, could not make up her mind be-tween Vice President George Bush and Senator Bob Dole of Kansas in the Republican caucuses because "they're both guilty of indulging their little grudges,"

"I just don't know yet which is more guilty," she said.

Herman Lihs, 80, a retiree, said he was "pretty much decided" on Mr. Bush. But he said his attendance at the caucus in Wapello depended on the weather.

These are four of four dozen undecided voters interviewed last week by The Washington Post, a small fraction of the thousands of uncommitted voters whose final judgment clouds the prospects in both parties and makes the public opinion surveys in Iowa so chancy. It is not unusual for many cau-

moment they reach the church, saying Ollie North is a great hero." home or office building where their meighborhood caucus is held, or to and going to the Democratic cauchange their minds during the cus," she said. "I like some things course of the evening as the discus-

sion and decision-making goes on. "Uncommitted" won the Democratic race over Jimmy Carter and five others in Iowa in 1976. This year, unlike 12 years ago, there is no organized effort on either side to elect uncommitted delegates to the next rounds of county and district conventions. But campaigns still find scores of genuinely undecided voters in telephone canvassing ev-

ery evening.

The voters who are considered likely to attend the caucuses Monday and who remain uncommitted have been bombarded by mailings and phone calls from rival cam-paigns. Unlike undecided voters at the end of the general-election campaign, who often are the least interested and least informed citizens, the uncommitted caucus-goers may suffer from an overload of information that makes choice even harder.

Moines compensation administrator, said, "I read the paper cover to cover every day and all the material that comes in the mail. And I'm just not very happy with the choices."

pointed" as she watched the Iranthese Republican candidates are dates on their minds.

"I even thought about switching about almost all of the Democrats, but I'm just not absolutely sure. It's not usually this hard for me to

make up my mind." Katie Schneider, 64, is finding it so hard to decide between Mr. Bush and Mr. Dole that she has decided to call the lawyer who sponsored her as an immigrant from Germany 30 years ago and

ask his advice.
"Bush is not straight," she said. "I don't trust him too much. But Dole, he's too much a politician, too. It's important we do what's right, but it's really hard to know. Several undecided Republicans expressed sentiments like those of Marvin Slagg of Humeston, who said he had supported Mr. Bush in 1980 and was leaning in that direction until the question of the vice president's role in the Iran-contra affair came to the fore.

The interviews suggested that Mr. Bush and Mr. Dole have made Joan Clark, 61, a retired Des it harder for undecided voters to embrace either of them with their sharp personal exchanges in recent days. Mrs. Stephan warned, "How they act the rest of the way will

decide how I vote." A registered Republican but a On the Democratic side, where self-described political indepen- most candidates are less well dent, she said she was "really disap- known, the number of undecideds is even greater. It was far from rare contra bearings on television last to find people going into the last summer, "and can't believe all weekend who still had three candi-

What the Majority in Iowa Will Do Monday: Something Else

By Maureen Dowd

New York Times Service

DES MOINES, Iowa - There are many here who refer to this week as "the end of the world." The candidates will stop talking to animals and will fly East. The reporters will stop caring that Iown is the Jell-O eating capital of the country, and will stop binying products of the political townst industry, such as "Ski kowa" T-shirts and "Weakend in Des Moines"

. But there are many more lowans who are not caught up in the presidential spectacle, who have no intention of attenting the cancuses, and who cannot wait until

the belloous and bombast and microphones go away, "I'm so sick and fired of the great, galloping borde of candidates criss-crossing the state and burrowing into every nook and cranny, every home," said Betty Dumbaugh of Storm Lake.

"Every time you turn around you crash into one of them," she said. They're so intense, they're so serious about everything. Enough, enough! I'm so glad that D-day is almost here."

Ms. Dumbaugh, a Republican who is leaning toward Vice President George Birsh, has ignored all entreaties by mail, telephone and friends to stand up for her candidate at a caucus on Monday night. She is not exceptional, Ms. Dumbaugh is part of the

Even this year, when all the hoopla about the caucuses is expected to draw a larger than usual turnout of voters, this critical first contest will still be decided by a sliver of lowa residents.

According to the Democratic and Republican parties, 1980 was a record year for voter turnout in the Iowa caucuses, with perhaps 210,000 people taking

If that many vote on Monday, it would still represent only 7 percent of lowa's population of 2.8 million. Also, that number of caucus participants would be only 13 percent of the 1.6 million registered voters in Iowa, and only 16 percent of the 1.3 million people in the state who voted in the 1984 presidential election. So, while a small number of lowans "decide the fate of the Western world," as one Democratic campaign

worker jokingly put it, the vast majority will be doing Lydia Carter, 62, of Mason City will be at her ceramics class. "I'm making a village scene now and it's really exciting," said the Republican. "Far more

rewarding than politics."

Carole Koehler, 40, a Democrat who runs Carole's Beauty Salon out of her home in Webster City, will be

"I'm not going," she said. "I'm just going to sit in Las Vegas, gambling on slot machines rather than home and enjoy the peace and quiet."

"I like to wait until the field narrows down a bit before I get involved," she said. In Des Moines, where there will be 97 caucuses,

other activities are going on as scheduled. The billiard league will convene at the Do Drop Inn.

At the Payless Bingo Parlor at 7 P.M., the same moment that C-Span will begin broadcasting one Des Moines caucus to political aficionados around the country, the "early bird session" will begin. And at Plaza Lanes on the city's West Side, the Principal Mutual Insurance Ladies' Bowling League will

Billie Wade, the league president, said she has had no calls from ber 110 bowlers about substitutions. And Melody Thompson, the promotions director at Plaza Lanes, said she was not surprised, "I don't know much about politics, but if I had a choice, I'd go bowling," said Ms. Thompson. "These people have already paid for their lanes."

Those who are shunning the caucuses offer various reasons. Some do not like the idea of revealing their political preference outside the privacy of a voting booth. Some do oot understand the complex Iowa system. And some are embarrassed that they have not yet made up their minds.

"It would be kind of fun to go if I knew which one I favored, but I don't — it's awful isn't it?" said Beulah Santage, 77, a Republican from Royal. "I think I like one certain one, and then I listen to Tom Brokaw and I get all mixed up again." Mr. Brokaw is the NBC news

And many simply feel, as Mr. Koehler put it, that we are bombarded here in Iowa way too early."

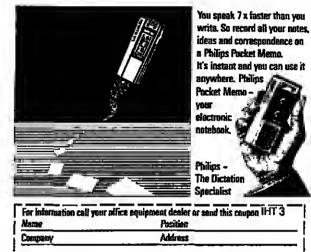
Lois McLeod, 57, a Democrat of Marshalltown said she decided a week ago that "I had had this circus up to my ears." So she decided not to vote for any candidate who has been pictured talking to hogs or wearing a farmer's cap or donning overalls or sitting at the counter of a small coffee shop talking about believing in truth,"

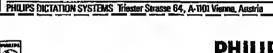
"My lousy attitude about politics doesn't make me any points here," she said, "But 1 think this rush of campaign innuendos and investigations and fights is degrading to all the candidates."

"When all this clears away, everyone will feel silly," she concluded. "Why don't you all, bless your hearts, go home and go on with your lives?"

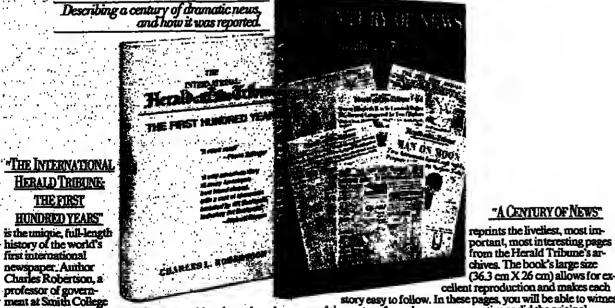
Richard Wilker, 55, a physician from Creston who will be working at a medical clinic oo Monday night. looks at all the political tugs-of-war and feels weary. "I'd rather do battle to dissuade someone from smoking than to dissuade someone from getting on some candidate's bandwagon," be said.

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"A CENTURY OF NEWS"

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in Massachusetts, spent several years combing through the paper's archives, interviewing its personnel

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The first deal, probably to be signed next month, involves a joint building the European Fighter Airradar to be built by Texas Instruments Inc., the U.S. company, and
Thomson SA of France for incorThomson SA of France for poration in the Rafale jet being built by Avious Marcel Dassault-Breguet Aviation. Demonstrating a new Pentagon

approach to handling the U.S. socurity restrictions that have hampered technology transfer to allies, it signals a possible breakthrough to a series of similar joint Western weapons deals.

"In reconciling security concerns and the needs for Western efficiency, we may have the makings of a trans-Atlantic policy," said Dennis Kloske, a deputy undersecretary for trade and defense cooperation, in an interview.

To broaden U.S. involvement in European military contracts, the United States might eventually share some elementary "stealth" technology, which makes warplanes harder to detect by radar. The Texas Instruments-Thomson program, involving an "acti-ve-array" radar planned for use in world.

the Pentagon.

120,000 troops stationed in Af-U.S. intelligence analysis are divided. Many Defense Department

debate within the Reagan adminis-

tration over whether the Soviets

intend to withdraw their 115,000 to

and Central Intelligence Agency analysts remain skeptical about a withdrawal citing continuing Sovi-et military construction and hardening of their defenses as evidence that Soviet forces are digging in deeper rather than preparing to go

the Pentagon, has publicly ex- greater than in 1986. pressed his view that the Soviets are engaged in "a game of mirrors" and have no intention of leaving. In a Dec. 15 speech to the Heritage

Foundation, he accused the Soviets

of angling for a cutoff of U.S. aid to

U.S. Still Uncertain About Soviet Afghan Pullout

the Afghan resistance. Other Pentagon officials emphasize that there is no tangible evidence on the ground in Afghanistan that the Soviet forces are preparing to leave, and they note

Elie D. Krakowski, director of that Soviet military deliveries to the as the administration debates how the Office of Regional Defense at Afghan Army last year were even to respond to Soviet pressure — Afghan Army last year were even to respond to Soviet pressure -

State Department analysts, howthat they will withdraw. But even here there is division. One source noted that the indications so far are still "all rhetorical statements," but added: "The Soviets have gone too far now in their statements to retreat. A lot of people would be furious with them if they back out." These divided assessments come

and comply with a possible legal commitment under a UN-sponever, generally appear more in- sored peace agreement - to cut off clined to believe the Soviet hints all U.S. military assistance to the Afghan resistance in return for a withdrawal of Soviet troops.

Congressional supporters of the Aighan rebels, particularly Republican conservatives, are worried that the Reagan administration will "sell out" the resistance before a Soviet withdrawal is assured.

Under the UN-sponsored peace accords being negotiated in Gene-va, the United States would be committed to ending its military assistance 60 days after an agreement is signed and as a Soviet withdrawal starts.

But Secretary of State George P. agricultural land they will be help-Shultz said at a news conference Jan. 7 that the United States intends to wait, to assure that there is "a certain inevitability" and "no turning back" in the Soviet pullout, before U.S. aid to the Afghan resistance ends.

> U.S. analysts are scrutinizing the economic and technical agreements that the Soviets are signing with the various towns, districts and prov-inces of Afghanistan. The accords involve Soviet material aid and technical assistance as well as training for Afghans in the Soviet Union.

> Soviet officials have told the United States that these town-totown and province-to-province agreements are a means devised to bypass "the corruption" and "bureaucracy" of the Afghan central government and deliver aid to the

But some U.S. officials believe the accords are part of a larger Soviet plan to lay the groundwork for extensive Soviet control of Afort ghanistan, and possibly the de-fac-Critics say the system has be-to annexation of the northern prov-

Other officials believe that the you've got and the more fertile your fact of the Soviets signing the paring to withdraw their troops. .

> "Some think it's the Soviets trying to exercise a different kind of influence," a U.S. analyst said. The Soviets are looking at the post-withdrawal period and turning their direct control into a more indirect one where Soviet economic links are so strong they still keep

ISRAEL:

ing toward Beit Umar.

3 Arabs Killed

(Continued from Page 1)

ing village of Arub and were head-

Dozens of residents, urged on by

an alarm broadcast on the loud-

speaker of the local mosque,

Angry students raise their fists at Sicelo Godfrey Dhlomo's funeral in Soweto.

Police Break Up Funeral in South Africa

JOHANNESBURG — Hundreds of police officers and South African soldiers have used tear gas to disperse mourners and marching students at the funeral of a black youth leader.

The attacks occurred at the funeral of Sicelo Godfrey Dhlomo, 18, an anti-apartheid campaigner who was found shot to death Jan. 24 shortly after being questioned by the police. In December, Mr. Dhlomo's detailed account of maltreatment in police detention was featured in a U.S. television

program entitled, "Children of Apartheid." The funeral, held Saturday at Regina Mundi Roman Catholic Church in Soweto, was one of the most emotional and politically charged events in

the black township since a national state of emergency was declared June 1986.

Armed police officers and soldiers in armored vehicles, backed by police helicopters and military sporter planes, mounted a six-hour operation to restrict access to the church. Security forces surrounded the building and frequently entered it, at one point attempting to arrest a black student-standing by Mr. Dhlomo's coffin, in full view of the U.S. consul-general, Peter R. Chaveas, and

about a dozen diplomatic representatives.

When the policemen tried to grab the youth, mourners gathered around him, and the Reverend Stephen Mbanda, who was conducting the service, intervened. The policemen then left the church.

Ecologists Assail EC Agricultural Policy

By Barry James International Herald Tribune

By David B. Ottaway

Washington Post Service

Union has been signing scores of

local economic agreements with the

towns, districts and provinces of

Afghanistan, causing U.S. analysts

to wonder whether the Soviets are

preparing to withdraw their troops

nr are instead planning tighter con-

"There is still considerable dis-

agreement about their intentions

there," a U.S. official said of the

trol of Afghanistan.

WASHINGTON - The Soviet

PARIS - Is the Common Agricultural Policy harming Europe's environment as well as emptying its Some ecologists say the policy,

which consumes two-thirds of the European Community's annual budget of \$20 billion, seriously endangers wildlife and natural habitats by encouraging intensive farming and by radically altering traditional landscapes. Yet it is a safe bet, environmer-

talists say, that when EC leaders meet in Brussels this week to seek a solution to the policy's runaway costs, the problem of protecting natural wildlife habitats will be low on their agenda. "When proposals are made about the environment, the only

thing they care about is that they should not cost anything," com-plained Karola Taschner, scientific adviser to the European Environmental Bureau in Brussels. A new report by the World Wild-

life Fund, which spends \$2.3 millinn a year to fight the environmental impact of the Common Agricultural Policy, says the policy results in loss of plant life and wildlife species because of the draining of marshes, the elimination of grasslands and woods and the lav-ish use of chemicals.

Is the loss any more than sentimental? "Yes," said Adam Markham, projects officer of the fund in ring receipts from value added tax-Gland, Switzerland, because "we es in farmers in the form of direct are looking at many of these wildlife species as natural sources to provide many of our drugs, food strains and crop strains in future." fertilizers and livestock manure at great expense or sold at a loss developers are using the argument

By Joseph Fitchett

mational Herold Tribune

MUNICH — In a major step

toward trans-Atlantic cooperation

in developing new weapons jointly, the United States has decided to

sell some of its most advanced ra-

dar technology to France and pos-

sibly other allies for use in planned

Pentagon official said Sunday.

leach into water tables, rivers and outside the EC because world food that if they are allowed to build on coastal seas, creating a threat to the environment and to human health because of nitrates in water and ments is that farmers should be food. Soil loses its fertility and erosion is a common problem.

"On the whole I'm on the side of the World Wildlife Fund," said Michael Tracy, a former agricultural ecnnnmist with the European Council who farms near Brussels. 'I'm personally convinced by the evidence about serious water pollu-

As ancient fields are turned into cereal-growing prairies, familiar views change into what Mrs. Taschner called a typical "CAP landscape." In England, 4,000 miles (6,400 kilometers) of hedgerows, some of which can be traced back to Roman field patterns, are being pulled out every year. "We've got areas now that are reminiscent of Kansas or the Ukraine," said David Conder, assistant secretary of the Council for the Protection of Rural England.

"Because the farmer gets a high guaranteed price for his crop," Mr. Conder said, "there is a huge pressure on him to bring every last little scrap of land into the most intensive production that he can."

But Dionysius Dessylas, a Greek pean Commission, the EC's executive body, said that "90 percent of the CAP goes hand in hand with protecting the environment."
The policy operates by transfer-

grants, guaranteed prices and intervention purchases of goods in oversupply. This has unleashed virtually uncontrollable surpluses of some The fund's report says pesticides, products, which have to be stored

two governments must sign agree-

ments on rules to protect the ra-

dar's secrets and governing any ex-

ports of planes with the new radar.

Mr. Kloske said that similar ar-

rangements probably would be of-

fered to Britain and West Germany

for a comparable U.S. radar, the

Co. Both are in the consortium,

Without U.S. technology, Penta-

oew European fighter aircraft, a APG-65, built by Hughes Aircraft

encouraged with cash grants to "set aside" at least one-lifth of their land for nonagricultural use as a means of reducing surpluses.

Mr. Tracy said he opposes the

proposal because it has not worked in the United States, it would be difficult to supervise and it probably would not reduce surpluses much, as farmers would compensate by intensifying production on the land that is not set aside. "A lot of people think that what

should be encouraged is low-input, low-output kind of agriculture," said David Baldock, an economist with the Institute for European Environmental Policy in London. This means putting on less fer-

tilizer and getting out less food," he said, "rather than taking huge hunks of land out of production, which could result in large areas becoming abandoned." This is the view of the European

Environmental Bureau, which represents about 80 environmental groups in the EC countries. If the and set aside is merely left to itself, that would be of no help to the environment," Mrs. Taschner said. agricultural official with the Euro- For example, abandoned land covered with brush could increase the risk of forest fires.

We are likely to see an see an intensification of production on the land that is oot set aside," Mr. Conder said, "and on the land that is, we will see dereliction or perbaps even worse, conifer forestaonn, which environmentalists are not very happy about. We also expect tn see developmental pressures, Already in Britain, property

States. The two radars, for exam-

ple, use advanced chip-sized micro-

processors made of gallium arse-

oide, the material that is

increasingly replacing silicon in

military computer chips. This tech-

oology does not yet exist in Europe.

erally, Mr. Kloske said, the United

States hopes to overcome the grow-

By sharing technology more lib-

ing the food surplus problem."

The World Wildlife Fund also is

concerned about the potential impact of new "Integrated Mediterranean Programs," which have been created to channel \$7 billion to rural parts of Greece, Italy and France to compensate for losses they will suffer as a result of the entry of Spain and Portugal into the EC. The fund fears this could lead to an extension of intensive farming methods and change the face of countryside that has remained unaltered since antiquity. Dolf Logemann, of the Founda-

tion for Nature and the Environ-ment in the Dutch city of Utrecht, said the programs are meant to stem a population exodus that leads to a diminishing of the agricultural expertise which is occided to keep up the landscape." This also was a reason for setting grass roots. up the policy. Even so, jobs in agri-culture in Europe are disappearing

ing to a European Parliament recome distorted by rewarding the inecs, whether nr not they biggest farmers most. "Ironically," withdraw troops. said Mr. Cooder, "the more land land, the more public subsidy you get from the EC.

at the rate of one a minute, accord-

We quite accept the argument that if you cut off money for the countryside, thousands and tens of thousand and even hundreds of thousands of farmers will leave," he said. "But the fact is they are leaving now in their droves with the present system, and that's because it favors capitalization and mechanization at the expense of labor."

pean Fighter Aircraft for \$50 mil-

lion apiece and consider joint pro-

duction of two advanced U.S.

The advanced versions of these

lanes are being ordered by the

U.S. Air Force and U.S. Navy.

Both services are discussing joint

development, including research,

and other European nations.

with their counterparts in France

McDonnell Douglas Corp., mak-

planes, the F-16 and F-18.

IOWA: Gephardt Gains in Poll and Dole Retains Lead Senate Republican leader in the Mr. Dole, 37 percent; Mr. Bush. 23

(Continued from Page 1) said of the fend with Mr. Bush, "As

far as I'm concerned it's over. He could not resist, however, a verbal shot at Mr. Bush on the agreements in such numbers and Iran-contra affair. "I do think," he haste is evidence that they are preparing to withdraw their troops. that somehow, obviously, Bush is more closely tied to that than any of the rest of us."

Mr. Dukakis, questioned about Central America on the same NBC program, cited treaties banning interference in the internal affairs of other nations in the region. Pressed as to the conditions un-

der which he would tolerate a Soviet client state in Central America, he said, "If they introduced offensive military weapons, then of course we would take action and we have every right to do so."

shire primary eight days later.

The choices Iowans make will on Monday night will cripple several candidacies, lift others to national candidacies, lift others to national Mr. Simon, 19 percent; Mr. Duka-prominence and set fresh expecta- kis, 15 percent; Brace Babbitt, a tions for voting in the New Hamp- former governor of Arizona, and

days, Mr. Bush's campaign has leveled accusations and insults at the

hope of shaking up a contest that seems to be going Mr. Dole's way. Speaking to supporters in Dayenport, Mr. Bush conceded that he "We're fighting from behind," he said. "We're trying to come back."

candidates, all of whom are competing in Iowa except Senator Albert Gore Jr. of Tennessee, the race was coming down to a three-way contest, with Mr. Gephardt needing a large caucus turnout to convert favorable findings in the sur-veys into a triumph Monday night.

The telephone survey for The Register involved 612 Democratic voters likely to to attend the precinct caucuses Monday night and 660 Republicans likely to attend.

The Democratic results were as fullows: Mr. Gephardt, 25 percent; the Reverend Jesse L. Jackson, 9 On the Republican side, Mr. percent each; Gary Hart, a former Dole was battling to hold a lead in senator from Colorado, 7 percent; the face of a herce counterattack by Senator Albert Gore Jr. of Tennes-Mr. Bush. Over the last several see, I percent, and undecided, 15

percent; Mr. Robertson, 13 percent; Representative Jack F. Kemp of New York, 11 percent; Pierre S. du Pont 4th, a former governor of was running second to Mr. Dole. Delaware, 7 percent; Alexander M. Haig, a former secretary of state, 1 percent, and undecided, 8 percent,

As the Iowa campaign drew to a close, Mr. Gephardt's major chal-lengers, Mr. Simon and Mr. Duka-Among the seven Democratic kis, were returning to the defining themes of their candidacies, Mr. Simon emphasized his integrity and reliability, Mr. Dukakis his competence as a manager of eco-Iowa Republicans and Demo

crats will make their choices in meetings in each of the 2.487 precincts. The Republicans will simply cast ballots. The Democratic procedures are far more complicated. with a candidate needing at least 15 percent in each precinct to be "viable" and win support in the form of delegates to the county conventions next month.

Supporters of candidates who are not viable can move to other camps. This means that candidates are battling not only for outright support but also to emerge as the second choice of backers of lesser The Republican results were: candidates. (UPI, NYT, AP)

"Without some U.S. technology, States has become an unreliable apiece U.S. officials say that these this next generation of European planes will be ineffective against Soviet air defenses and valueless to weapons procurement partner. Many U.S. officials are hoping planes, if jointly designed and built by trans-Atlantic consortia, would that European governments, seeing win more export orders and create signs of a new flexibility by the more work than any aircraft built NATO," a U.S. specialist said.

gon officials said, European de- produce the Rafalc and the Euro- alone.

U.S. Ready to Sell France a Secret Radar

For the deal to go forward, the fense industries will tie up scien-va governments must sign agree-tists re-invocting military ents on rules to protect the ra-electronics that exist in the United

(Continued from Page 1)

to the Olympic invitations. Thus, while thousands of South Koreans have participated in rallics condemning Pyongyang for the bombing, others have busily pursities, for instance, are trying to find teachers and books for hither-China, partly to encourage develto prohibited courses on history opment of South Korea's impoverand society in the communist

But a U.S. Air Force study con-nist nations about sports training ucts to the vast Chinese population. cluded that the secret technology methods and daily life. The Minis-They hope to import oil, coal and could be shared with France over a try of Culture and Information is other raw materials.

12-vear period, Mr. Kloske said. Ifting a ban on music recordings

The trade agreement with Hun-12-year period, Mr. Kloske said.

KOREA: For Trade and Games, Red Is All the Rage from communist nations as long as communist nations had responded no overtly political material is in-

volved Indirect trade between South Korea and the communist world has been permitted since 1972 but has grown markedly in the past few years. President-elect Roh Tae sued the communist boom. Univer- Won, during his campaign last auished west coast.

Like business leaders in many the next generation of U.S. military
aircraft, had been vetoed twice by trolled television stations plan to
visions of exporting large quanti-The nation's government-con- other nations, South Koreans have exchange programs with commu- ties of steel, cars and other prod-

gary was welcomed as an "epochal breakthrough" by The Korea Her-ald. And officials have said that Seoul may extend development loans to East European nations in the range of \$50 million to \$100

million this year.

Hanoi to Free Prisoners It Deems 'Re-educated' The Associated Press

BANGKOK - Vietnam will free more inmates of political "reeducation camps," including mem-bers of the South Vietnamese gov-ernment, during the lunar New Year festival this month, the Vietnam News Agency said Sunday.

blocked the road into town and threw stones and bottles at soldiers there, the army said. Reinforcements arrived and tried to push the mob back with tear gas and rubber bullets. When

main Jerusalem-Hebron highway, the troops opened fire. The army put the total of wounded at six from all incidents Sunday, but doctors at Makassed Hospital in East Jerusalem said they alone had received 12 gunshot wound Americans, will reconsider plans to by U.S. or European companies victims Sunday, seven of them from Beit Umar, and 11 persons

the crowd surged again toward the

suffering from severe beatings. The worst bearing victim was Rami Akloq, 15, who died shortly after arrival Sunday afternoon from head wounds he had suffered Saturday at the Deir el Balah refugee camp in Gaza. The boy's father told doctors his son had been struck by soldiers after fleeing from

a group of them in panic. An army spokesman attributed the death to "totally medical causes," noted the body had no nther signs of injuries and denied the boy had been beaten. But Dr. Rustam Nammari and Dr. Hani Abdeen said the boy's injuries were

consistent with being clubbed. The army also reported that a 10vear-old boy died of wounds he sustained Tuesday.

Makassed Hospital was chaotic Sunday, as ambulances and private vehicles poured in with victims from villages around the West Bank and relatives filled the halls. Staffers calling for blood donors struggled to be heard over the moans and crying of victims and

■ Newsweek Files Protest Newsweek magazine complained Sunday to the Israeli Army after one of its photographers said a lieutenant colonel aimed a loaded gun at his head and threatened in shoot, according to the bureau chief, Milan Kubic, Reuters reported from

An army spokeswoman denied receiving any official complaint over the incident but said it was being looked into anyway. Newsweek said the incident occurred in the West Bank village of Halhoul. PEACE: Arias Urges a Halt to Soviet and Cuban Aid (Continued from Page 1)

that aid." He said Soviet military aid to the Sandinist government in Managua should also be eliminated, because proached the Soviet Union or Cuba

in an attempt to secure their coopcration on halting military aid to Marxist-led insurgencies in the re- Arias said, he will seek to apply planned to do so. He said he hoped peace in Central America would be high on the agenda when President Ronald

Reagan meets the Soviet leader, Mikhail S. Gorbachev, in Moscow later this year. ater this year. from everybody who gave him sup-Mr. Arias also called on the U.S. port in the past." secretary of state, George P. Shultz, to open direct talks with the San-

The Costa Rican leader, who was awarded the 1987 Nobel Peace Prize for conceiving the regional peace plan, criticized what he viewed as Mr. Ortega's hard-line

should have been much more con- the ones trusting the Sandinists ciliatory and not, as it was, an- more than everyone else." nouncing that the war was going to continue," Mr. Arias said. He declared that Mr. Ortega now

Salvador and Guatemala to cut ing cease-fires, a general amnesty not humanitarian aid. and moves toward democracy.

One key change by Nicaragua Mr. Arias said, should be the abolition of control by the Sandinist National Liberation Front over the "disarmament is part of our plan." National Liberation Front over the Mr. Arias said he had not apartmed forces, as demanded by the front's civilian political opponents. terms of the peace agreement, Mr.

gion. But he indicated that he "moral, diplomatic, economic and political pressure" on Managua. "Ortega is the first communist himself to democratizing his country," Mr. Arias said. "If he does not honor his word, he will be isolated

> Mr. Arias refused to specify how international pressure on Managua could be applied, but he observed that the end of U.S. military aid to the contras was "reversible."

If the Sandinists "do not adpeace plan, criticized what he vance toward full compliance with viewed as Mr. Ortega's hard-line the accord," he said, "the Demoresponse to the defeat of contra aid. "I think his response to the vote the Republicans, because they are

Asked about a House Democratic plan to introduce legislation for "nonlethal" aid to the contras, Mr. had "nn more excuses" for not Arias said this "would not be a complying fully with the require- violation of the peace accord. It is

ALGERIA: Libyan Pact Is Sought

(Continued from Page 1) ambiguity. Bot he left no doubt in the interview that he now rejects that approach: "Today unity can-

not be expressed this way,"

The Soviet Union made no move to help Colonel Gadhafi during the U.S. air raid and has kept its distance politically since Mikhail S.

But Colonel Bendjedid indicated indirectly that he feared the Soviets would take advantage of Colonel Gadhafi's isolation to try to expand their presence in Libya and change the balance of power in the area.

"The United States is far away from the region," he said. "If there are tensions in the area we are the first ones to be affected."

ments of the peace accord, includ-military aid that is prohibited and

Mr. Arias has consistently argued that military pressure from the contras would not bring about a democratic government in Nicaragua. Rather, he said that Mr. Ortega had "used the aggression of the contras as an excuse for the failure If Nicaragua does not meet the of the Marxist experiment in Nicaragua" and for a lack of progress toward democracy.

Mr. Arias said he believed that Mr. Ortega accepted the peace leader since 1917 who committed plan's terms for establishing democracy with great reluctance, reflecting the suspicions of more truculent Marxists on the Sandinist directorate.

He said he was hopeful that the Sandinists would move more quickly toward a cease-fire with the contras when the two sides meet Wednesday in Guatemala for a second round of direct talks. If a cease-fire is reached. Mr.

Arias said, Nicaraguans who have taken refuge in Honduras "will have to choose between staying in Honduras forever and abandoning military activity or returning to Nicaragua under an anmesty that should be provided, and gradually incorporating themselves into po-litical life." He said that "exactly the same

thing should happen in El Salva-dor" in the case of Marxist-led rebels who have fought the government for more than eight years.

Nicaragua's actions in response to the peace pact have received greater scrutiny so far, Mr. Arias said, because "other countries have complied much more with the terms of the Guatemala accord."

Now that the "sword of Damocles" has been removed by the vote contras, he said, Mr. Ortega knows that "the future of peace in Central America lies in his hands."

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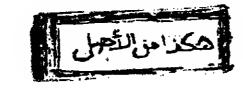
IT'S CALLED RETINI-A.













to was conducting the service semen then left the church. Haiti Installs Manigat, Who Promises Reforms

PORT-AU-PRINCE, Haiti -Leslie F. Manigat, 57, took the oath of office as president Sunday, pledging to improve living stan-dards and lead Haiti to democracy after three decades of dictatorship. In a 50-minute inaugural address on the steps of the Legislative Pal-ace. Mr. Manigar said Haitians were "tired of being sick, badly housed illiterate, abused." He add-

outh Africa

ince a national state of ener

une 1986. cers and soldiers in among

solice belicopters and military

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and frequently entered it at its to arrest a black sinder

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Supporters of candidates v e not viable can move to de This means that candide e battling ant only for one poort but also to emerge at cood choice of backers of he

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ilitary aid that is prohibited z Mr. Arias has consistent the ed that military pressure is: e contras would not brigglish mocratic government in Miz-ia. Rather, he said that Mr. Gr. had "used the aggression of t ntras as an excess for the fat-the Marxist experiment in the gua" and for a lack of proge ward democracy. Mr. Arias said he believed it Ortega accepted the MC an's terms for establishing ocracy with great relocung. cting the suspicions of more lent Marxists on the Sente He said he was hopeful that indinists would move as uckly toward a crass-fire with ntras when the two sides id round of direct talks

ons next month.

mic affairs.

natic representatives.

ty, work, liberty, justice." The people are counting on us 10 pitch back totalitarianism and realize a new era of democracy," he said: The ceremony was attended by diplomats from about 30 na-Iowa Republicans and Dog 🕏

ed. This country needs peace, uni-

Mr. Manigat spoke after receiving the red-and-blue presidential sash, from Lieutenant General Henri Namphy, president of the at the inauguration ceremony, junta that has ruled Haiti since As he has done in his public. President Jean-Claude Duvalier left the country two years ago Sonlier's departure ended an era of his government.

dictatorship begun in 1957 by his

father, François Duvalier. Mr. Manigat, a former university professor who lived in exile during much of the Duvaliers' rule, won a national election Jan. 17, which more prominent political leaders and much of the electorate boycotted because it was organized by the

In November, an independently organized election was called off after at least 34 would-be voters were killed. On Tuesday, 10,000 people gath-

ered at an activist Roman Catholic church to show their disapproval of Mr. Manigat, On Saturday, opposition leaders called a one-day national strike that fizzled.

There was little sign of opposi-

tion to Mr. Manigat on Sunday, however, though it appeared that no major opposition leaders were As he has done in his public and

private statements since the election, Mr. Manigat urged his politiday for exile in France. Mr. Duva- cal adversaries to cooperate with

In another reaction to the grand men for the Foreign Ministry and jury indictment, the Panamanian the military were not immediately By William Branigin Washington Post Service PANAMA CITY — In response government reportedly recalled its available for comment to an indictment by a grand jury in ambassador to Washington and its Miami on charges of drug traffick- representatives to the United Nations and the Organization of ing and racketeering, Panama's American States The state-run Ramilitary leader, General Manuel

Antonio Noriega, has ordered an dio Nacional said the Foreign Min-investigation of his accusers, amid istry summoned the three envoys istry summoned the three envoys Saturday to a meeting in Panama signs of a crackdown on the news City to discuss diplomatic relations with the United States. In a letter published Sanday in newspapers he controls, General Noriega asked Attorney General

The general staff of the Panama

Noriega Orders Inquiry Amid Apparent News Crackdown

Aiso Sunday, as part of an apparent crackdown on the oews media, connected with reports on the indictment, the police took over the offices of an opposition newspaper, El Siglo, which had recently re-sumed publishing after being closed for six months.

The oewspaper was among sev-Noting a saked Attorney General Defense Forces has ordered the eral opposition or independent Rogelio Cruz, called the move Carlos Villalaz to open an investiwithdrawal of at least five military news organizations that were constitutional and arbitrary. gation to determine who is respon- students from the United States, a banned by the military in a previmilitary communiqué said. Spokes- ous crackdown.

On Friday night, officials from General Noriega's demand for an ing General Noriega, and he no the Ministry of Government and investigation Sunday and challonger performs official doties. Justice closed the radio station K.W. Continente after it broadcast a report from Washington about the indictment against General

Noriega. In ordering the closure, Government and Justice Minister Rodolfo Chiari De Leon said that the station's recent broadcasts had incited people to violence and attacked the security of the state. A lawyer for the radio station,

Rogelio Cruz, called the move un-

lenged him to disprove the charges

against him. Vice President Roderick Lor-

Although he still holds the title of vice president, Mr. Esquivel was not plan to mount any protest ac-Paoama's largest opposition evicted from his government office tivity against General Noriega until newspaper. La Prensa, criticized late last year after publicly criticizafter Carnival ends Feb. 17.

few small street demonstrations by Noriega opponents, however, the enzo Esquivel has also called on U.S. indictment has not elicited General Noriega to answer the much public reaction. Panamanicharges, saying that it would he ans have long been aware of the shameful for the government and allegations against General Northe people to have in office military iega, and many people are more and civilian officials who do not preoccupied with preparations for respond with proof to accusations Carnival, the annual pre-Lenten celebration.

Opposition leaders said they did

Contra Morale May Be First Casualty of Aid Vote

By Bernard E. Trainor

appeared to be aimed at two former New York Times Service close associates of General Nor-iega: José Blandôn, who was Pana-WASHINGTON - The rejection by Congress of President Ronma's consul general in New York until he was dismissed last month; and Floyd Carlton, formerly Gen-

of resupply.

eral Noriega's personal pilot.

Both testified before a federal grand jury in Miami, alleging that the general was involved in money laundering and drug trafficking in association with a Colombian co-

sible for the accusations.

The general, who effectively rules Panama as commander of the Panama Defense Forces, asserted

in the letter that U.S. Instice Department officials had recklessly leveled false charges against him. The demand for an investigation

Earlier, General Noriega accused the U.S. government of seeking to suppress his political ideas, which he characterized as progres-

sive and nonaligned. In an impromptu speech to lead-ers of the pro-Noriega Democratic Revolutionary Party on Friday night, he asserted that U.S. attacks on him stemmed from a desire by Washington to retain control of the Panama Canal and maintain the strategic position of the U.S. mili-

tary's Southern Command. Under the 1977 Panama Canal Treaties, the United States agreed to turn over control of the canal to Panama at the end of 1999, at which time responsibility for defending the canal is to pass to the 15,000-member Panama Defense Forces. Washington has denied that it has any intention to renege

on the treaties. In his speech Friday night, the general repeated allegations that, in December 1986, Rear Admiral ohn M. Poindexter, then head of U.S. National Security Council, de-manded during a visit to Panama that General Nariega turn his country into a beachhead against Nicaragua, withdraw from the Contadora group of Latin American countries seeking a Central American peace agreement and de-politicize the Panamanian military.

General Noriega contended that his troubles with the United States arose from his rejection of these demands. U.S. officials have denied this version of the general's meeting with Admiral Poindexter, who later resigned.

ment field commanders say they large forces for attacks in recent men under arms in Nicaragua; Ma-agree that the contras will not fade months contradicts that assertion nagua puts the number at about away because of a lack of U.S.

support. The loss of U.S. arms, particularald Reagan's plan to aid the Nicaraguan rebels is a psychological ly the shoulder-launched Redeye sands of peasant families from iso-blow for the contras, but it will anti-aircraft missiles now in the lated farms in areas where contras contra arsenal, ultimately will hurt are known to be active to sites unhave little immediate effect on their the contras unless they come up ability to fight. with other sources. The missile has Western analysts estimate that been used effectively against Santhe rebels have from one to six

dinist helicopters. months' worth of U.S.-supplied But for now it is the contras' arms and other equipment stored morale more than their fighting in Honduras and in the mountains ability that will suffer as a result of inside Nicaragua. Ultimately the the House of Representatives vote contras must develop other sources cutting off aid.

Guerrilla movements have his-In discussions over the last two torically survived reverses and admonths, officials and military offiversity as long as they have pockets cers in the United States and Cen-tral America have agreed that the Sandinists say there is no support cers in the United States and Cencontras probably are strong enough for the rebels in Nicaragua, but the Nicaragua even with a cutoff of moved undetected through the ous spine of Nicaragua.

ing support among the population, supplied by U.S.-sponsored air-the Sandinists have relocated thou-drops, at a rate of more than one

der government control. This relo-**NEWS ANALYSIS**

cation program has been partly successful in cutting off food and other support for the contras, even though many of the displaced

farmers resent being moved. Despite a vigorous anti-guerrilla campaign by the Sandinists in the last year, thousands of wellequipped contras have entered Nicaragua from camps in Honduras. They now operate in strength in to carry on their guerrilla war in ease with which the contras have three regions along the mountain-

A ready source of supplies for the contras is the Sandinists themselves. Living off the enemy is a traditional guerrilla tactic when external support does not exist. If the contras are to be effective in the months ahead, it is logical that they will increase attacks against isolated garrisons and farm cooperatives

to capture supplies. A year ago, the contras were not strong enough for such a strategy, but when the aid voted by Congress in October 1986 began to reach them, their ability to attack improved dramatically.

But the Sandinists also are better prepared to fight than they were a it that the fact we disagree does not year ago. Their counterinsurgency mean that America cannot act."

nonths contradicts that assertion.

nagua puts the number at about hardened and tactically proficient.

To prevent the rebels from build8,000. For most of 1987, they were and the number of Sandinist troops

Reagan Says He'll Push For Nonmilitary Aid

WASHINGTON - President Ronald Reagan said Saturday in his weekly radio address that he would work with Congress on a package of nonmilitary aid for the Nicaraguan rebels.

Mr. Reagan criticized the House vote rejecting arms aid, but he said:

"I understand that some in Congress have already begun to develop an alternative assistance plan. 1 will work with both parties to see to

U.S. Acts to Allow Patents on New Animal Forms

By Keith Schneider

New York Times Service WASHINGTON - The U.S. Patent and Trademark Office, in a policy that could substantially change how livestock and poultry are sold, has determined that companies holding patents on new animal forms have the authority to require farmers to pay royal-

Although still in its infancy, the technology of producing new animals is expected to become a major force in agriculture in the

The royalties would be paid on the sales of produce geeps, new animals with traits of patented animals and on generations of their both goats and sheep. offspring, meaning that farmers would have to pay patent holders a fee for adult animals and for generations of calves, colts, lambs, chicks and piglets produced through the 17year life of the patent.

Such a system of royalty payments would ventions and would be a sharp departure than double the average litter today. from usual practices in which farmers pay

breeders for adult animals or for stud services and then are free to produce offspring without additional payments.

The policy stems from a ruling in April by the Patent Office, a division of the Department of Commerce, to allow companies to patent higher forms of life, including animals, that have been altered through a number of methods.

cies. The last has been used in California to

The consequences of the royalty policy are far from clear. Although there is disagree-ment, many experts said that they believed royalties would attract more funds for research to realize such startling innovations as splicing genes from mice into pigs to produce treat new animal forms like mechanical in- sows that could give birth to 25 piglets, more

Officials at the Patent Office said that the

from different species are being inserted into first generation. farm animals to produce new forms of livestock that scientists predict will have many more marketable traits than livestock raised today, such as the ability to grow twice as big twice as fast.

Some authorities said patents, which give inventors the exclusive right to control their inventions for 17 years, combined with roy-alty payments, which patent attorneys and breeders said could cost hundreds of dollars for each animal, would enable a few major agribusiness companies to gain limited monopolies on the development and dispersal of animals created through genetic manipulation that would be superior to those produced conventionally.

and proponents, is the right of breeders to tional costs of the royalties.

policy on royalties would not take effect gain payments for traits that are hereditary until the first animal patent was granted, and extend through generations. Experts perhaps by next spring. They said 17 applicasaid that U.S. patent laws covering living tions were pending.

In laboratories across the country, genes things have never included animals and never required royalty payments beyond the

> "This is a profound right that the government is about to give the private sector," said Jack Doyle, director of the biotechnology project at the Environmental Policy Institute in Washington, "We're really stepping onto new ground here."

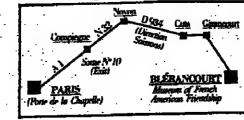
Experts predicted that individual ranchers, who have normally played an important role in improving livestock by managing their own herds and through breeding associations, would be unable, for the most part, to

afford the new technology. But many scientists say they believe that the improvements will be gradual, that patented livestock will trickle onto the market, and that normal economic forces will come The main economic issue, said opponents into play and help farmers absorb the addi-

Do you Know Blerancourt, The Museum of French-American Friendship?

The Château de Blérancourt, a seventeenth century masterpiece by Salomon de Brosse is located 125 km (80 miles) north of Paris near the historic town of Compiegne (see map). The main body of the Château was destroyed during the French Revolution but four exquisite pavilion buildings remain in which the museum is

The Bierancount museum was founded by Anne Morgan, daughter of the financier J.P. Morgan, who bought the property in 1917 to shelter the wounded and homeless during World War I and sub-



sequently lived there for many years. While at Blérancourt, Anne Morgan collected works of art and documents reflecting the history of Franco-American relations from the American Revolution to the present day. In 1929 she presented Blérancourt and its collections

to the French government and it was given the staus of a French maintain museum and was officially named the Museum of French-American Friendship.

The exhibits, composed of paint-

cally or artistically the close relationship

between France and the United States over the

ings, sculpture, historical memorabilia and documents are extremely varied and everything in the museum illustrates either histori-

past two centuries. Among the most moving souvenirs on display are a Ford ambulance used by the American Field Service during World War I and the order for D-Day dated June 6, 1944, signed by General Eisenhower.

The museum also illustrates the rich cultural and artistic exchanges between the two countries, with exhibits from the many French artists drawn to America for inspiration as well as those American painters influenced by France. Led by its dynamic curator Pierre

Rosenberg, Blérancourt has exciting plans for development, including the expansion of the museum's art collection through the permanent loan of fifty paintings from the Louvre, the Musée d'Orsay and the Centre Georges Pompidou. This permanent exhibit will be housed in one of the pavilions renovated and expanded for the purpose. In the surrounding grounds, a botanical museum has also been created using American

species. It includes an arboretum of American trees selected for their autumn foliage.

The French government has responded by increasing it subsidy but substantial outside funds will also be needed. A fully taxexempt US foundation

— American Friends of Blerancourt, Inc. has been established and the Florence Gould Foundation has contributed a special matching grant of \$500,000. Other leading foundations as well as leading companies with Franco-American ties also contributed: Dillon Foundation, Disney Foundation, Frederic Henry Prince Foundation, Mona Bismarck Foundation, Seth Sprague Foundation and Air France, Caron, Elegance Inc., France Telecom, I.B.M., Manpower,

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inians required medical treatment.

involved in acts of violence.

situation of unarmed rebellion.

strong-arm methods becomes inev-

Israel will have to answer.

Herald Eribune.

Back to the Mideast

The urgency generated by the Palestinian riots and the Israeli reaction to them has propelled the United States into a new Middle East mission. Whether it goes beyond improvising a response to appeals to Do Something is unclear. But a moment when many are questioning the decency and durability of the status quo is the time to try. Emissaries have been dispatched to see if something can be gotten under way.

There does not seem to be a "plan," which will set some people to asking whether Washington knows where it is going and others to suspecting that it does. Rather, to get started quickly and, at the same time, to respect the domestic political calendar, the State Department has taken off the shelf some modest ideas representing enough promise of movement, but also enough caution and consensus, to survive the political battering of an election year and to be useful to any next president. Moscow's role evidently is to be addressed in the talks the secretary of state is conducting with his Soviet counterpart to plan the next summit.

The new path skirts the Palestine Liberation Organization, which represents the bulk of the Palestinian people but which the United States keeps at arm's length in deference to Israeli objections to its tactics and goals, U.S. officials seek instead to draw in the elusive but moderate King Hussein and to resume an old game of mirrors on the

West Bank — trying to locate local leaders acceptable to both Israel and the PLO.

The idea is to use the time up to the U.S. and Israeli elections of next November to build the halfway house of Palestinian autonomy contemplated in the Camp David accords, and then to shift to the issue of the occupied territories' final status.

Giving autonomy priority is meant to draw in Israel's rubing Likud Party. Offer-ing an early transition to talks on final status is meant to open a door to Israel's Labor Party and, meanwhile, to give Palestinians the assurance they demand that antonomy is not a dead end.

It is an approach of some cleverness, but cleverness in itself will take American diplomacy nowhere. What is needed is a sure and steady hand and sustained high-level commitment of the sort Henry Kissinger and then President Jimmy Carter showed to be essential and productive. Mr. Reagan, who gives no sign of being ready to apply his own prestige, and a successor not yet chosen are going to have to be very tough. This means standing up to Soviets and Arabs to ensure that Israel's legitimate security demands are met and taking the domestic heat from Israel's friends, whose agitation will be the sure sign that American policy is getting serious about respecting Palestinian self-determination, too.

Honecker's Sacrifice

At a mid-January march commemorating Rosa Luxemburg, the German communist murdered in 1919, East German police arrested 120 activists. Protesters carried banners quoting her appeal from the Kaiser's prison: "Freedom is real only when there is freedom for those who think differently." Blasphemy, one official called it.

Erich Honecker, the East German leader, may or may not be able to keep new blasphemies for freedom in check by force. Nevertheless, he expelled some of the marchers and imprisoned others. Public protest followed. Prayer services drew as many as 2,000 people. The government then released some opposition leaders and sent others to West Germany against their will. However softened, his overriding goal remains to snuff out dissent.

At least until recent weeks, growing economic links with West Germany had spurred liberalization in this closed society.
Under the wing of the Protestant church, young people had begun to press for more attention to human rights and environmental issues. Dissidents, while hounded, plugged on, encouraged in the last two years by Soviet talk of openness.

Even as the East German drama played out, activists in Poland, Hungary, Czechoslovakia and the Soviet Union demonstrated against harsh repression in Romania. And this week, in five East bloc countries, hundreds took to the streets against the new repression in East Germany.

Mr. Honecker contemplates liberalization only within strict limits, something to advertise to foreigners rather than for East Germans to take seriously. But having opened the door to Western travel, he finds those who return more disgrantled than ever. Having at last won invitations to Bonn and Paris, he discovers that his own people heard the fine words on human rights he spoke in foreign capitals.

By greeting "those who think differently" with all too familiar repression, he sacrifices whatever credibility and legitimacy be had managed to win for his regime.

Welcome to the big leagues of American

-THE NEW YORK TIMES.

A Few Details in Iowa

In the last days of campaigning before the lowa precinct caucuses, when any little thing can make the difference, the candi-'dates' campaign consultants have tried to to supply the candidates with everything they need. In the case of Michael Dukakis, they are trying to add "passion." Samplings of caucus-goer opinion have convinced them that Mr. Dukakis, touted as the manager of the "Massachusetts miracle," is seen as too cerebral and calculating. So media adviser Ken Swope listened to 10 hours of tapes of Dukakis speeches (who says these people don't earn their money?), culled the most emotional lines and recorded them as voiceover to pictures of dead Nicaraguans and homeless Americans. Mr. Dukakis has followed up on the stump by passionately saying, "Not one dollar of contra aid. Not one. Not one!" — without adding what used to be his first, rather cerebral objection: that it violates the Rio Treaty.

If Mr. Dukakis has had a passion implant, Richard Gephardt has had an eyebrow enhancement. His problem is that his reddish-bload cycbrows, only slightly graying as he turns 47, show up hardly at all under television lights, making him look too young to be president. So his handlers, before he climbs on the hay wagon in his deep green, downfilled jacket to denounce the establishment for the video camera, apply a bit of eyebrow pencil. While Mr. Dukakis tries to echo Mr. Gephardt's Farm Belt passion, Mr. Gephardt is trying to compete with Mr. Duka-kis's lush eyebrows.

politics. Of course, sometimes the best surprise is no surprise at all; and in the stretch run in Iowa, Paul Simon's ads are designed to show that he is just the same aw-shucks guy he used to be. The candidate is shown in cartoons in black and white, with only his trademark bow ties in color, while his deep baritone in voice-over recounts how he got started wearing bow ties in campaigns in 1954 and has worn them ever since. "My bow tie is kind of my declaration of independence," he says, though the very fact that he talks about his bow ties so much proves his dependence on them, among the many other things it suggests about his campaign.
In Bruce Babbitt's case, the symbolic dra-

ma comes not from the candidate but fromthe audience. "I've now got to the point," says Mr. Babbitt, "where I can get my audiences to stand up quite predictably. But it took some work." The first time he tried it in New York, "I walked out to the edge of the stage and said to the audience. If you agree with me will you join me and stand up? And nothing happened." Mr. Babbitt, like other candidates, was looking for a gimmick for voters to remember him by, and came upon the idea of asking them to stand if they agreed with him that Americans need tax increases and spending cuts to get their fiscal house in order. That it's a little hokey even the candidate concedes. But, unlike the talk of eyebrows, neckwear and the perception of passion, at least it's about something.

-THE WASHINGTON POST.

Other Comment

In Search of Latin Peace

Now that the House of Representatives has killed President Reagan's last hopes of official aid to the Nicaraguan contras, the real debate in the United States on the future of Central America should begin.
It is not just a region in which the United

States has an understandable strategic interest, it is a group of countries most of whose inhabitants have to put up with uncivilized governments. The peace plan for which President Oscar Arias of Costa Rica last year won the Nobel Prize was a blueprint for the civilizing of those regimes and for the introduction of effective democracy to the region. That plan, battered and scarred as it may be, is still supported by the United States, the Organization of Americans States, the most important states of Latin America and the European Commu-

nity; it should be preserved.

At the end of this month, in Hamburg, [European Economic] Community foreign ministers will be meeting their Central American counterparts. They will have the opportunity of delivering them a strong message. That message should be that the Europeans, important trade partners for the Central Americans, want to see progress toward civilized politics not just in Nicaragua and Costa Rica but also in Guatemala, Honduras and El Salvador, which lamentably continue to be bywords for barbarity. - The Observer (London).

Where Is the Old Idealism?

From without, Israel's refusal to talk is beginning to alienate even its key supporter, American Jewry, which provides its own financial support as well as persuading American leaders to stand by its closest Middle Eastern ally. The old idealism of the European-born Jews who are now playing second fiddle to Middle Eastern-born Jews should reassert itself. Otherwise Israel is in danger of merging into the regional landscape and undermining those qualities of tolerance and democracy so long admired.

- The Daily Telegraph (London).

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OPINION

An Iron-Fisted Future Confronts the Israelis

By Abraham Rabinovich

T ERUSALEM - If the Palestinians win a state of their own, one of the first statues that deserves to be erected in their central square is of Khaled Akra, the young fighter who crossed the Israeli border from Lebanon on the night of Nov. 25 on a hang glider and attacked an army camp near the town of Kiryat Shemona.

It seems clear to many observers in Israel that Mr. Akra's daring attack, in which be killed six Israeli soldiers before himself being slain, fired the imagination of Palestinian youth and touched off the uprising in the Israeli-occupied territories.

Two weeks after the attack, the Gaza Strip exploded following the killing of four local residents by an Israeli truck in a road accident. Other more serious events have occurred over the years in the Gaza Strip with no reaction -- even in the previous months when large-scale arrests of alleged terrorists had been made.

The crowds of Palestinian youths who began to assault Israeli troops with rocks and clubs - and the individual youths who attempted to snatch mms from the hands of soldiers or to stab them - had lost fear, When forced to fall back under gunfire, the youths taunted the Israeli troops with a chant that the soldiers failed at first to understand: "Kirvat Shemona — six to one."

The reaction of the Israeli forces in suppressing the riots has evoked outrage even among Israel's friends abroad, including leaders of Jewish communities. But most Israelis — including moderates - support the army's tactics. The reason is that unless the situation can be controlled, there may begin an unraveling of re-straints that could sweep Israel up in a vortex of violence beyond anything

it has yet experienced Defense Minister Yitzhak Rabin has admitted that the entire defense establishment, including himself, had been at a loss over how to react to the uprising. The instinctive reaction gunfire — soon proved ineffective; the doses used failed to stop the rioting even after more than 40 deaths while unrestrained use of gunfire against unarmed teen-agers was unthinkable. The army then tried conventional riot police tactics - tear gas, rubber bullets and arrests - but these had little impact on the euphoric demonstrators who sensed they were riding the tide of history.

Societies are normally held together by a mixture of consensus and fear. but in the Gaza Strip and West Bank it had only been fear. Now the fear is gone, at least among that half of the population born since the Six Day War in 1967. Young men bared their chests at the soldiers and dared them to shoot. If the unrest continued to gather momentum, it could well sweep up the adult Palestinians who have thus far not participated.

Israeli Arabs would inevitably become involved, too. This, in fact, began to happen on a small scale, with a few firebombs and stones being thrown at vehicles on some of the country's main roads.

If Israel pulled out of the territories unilaterally, it could be a dangerous signal to the Arab world that the national will had weakened. For the Israeli anthorities, it was thus paramount to come up with measures that would hurt the victory-flushed Palestinians sufficiently to stop the rioting, short of mass killings.
Two ways were tried. Curiews

clamped on refugee camps for days or weeks has dampened revolution-ary fervor. Residents could not go to work and the economic deprivation began to bite. Confinement indoors except for one or two hours a day to do shopping was also wearisome.

The second tactic was the use of force against rioters to induce fear. Mr. Rabin's order to the troops to "lay into them" with sticks and fists was intended not to punish but to reestablish the army's deterrent power. It is one thing to bare one's chest at troops reluctant to shoot and another to have one's arm broken. The troops



Mr. Rabinovich, a writer for the Jerusalem Post, contributed this view U.S. Jews Discover the Palestinians

S TANFORD, California — When you see your best friend acting in a way that will ruin his life, do you pretend not to see? Do you insist to others that it is really not so bad as it looks? Do you tell yourself that it is

his business, not yours? Americans devoted to Israel should be asking such questions as they contemplate what is happening in the West Bank and Gaza. For Israel is on a path of mortal danger, to its character and even its existence. Those who remain silent at such a moment are not true friends.

During the 20 years of occupation the Jewish community in the United States has been largely silent about Israel's policy. The explanation given was that Israelis were on the line, and outsiders should not tell them what to do. The theory sounds like a benevolent nentrality, but in practice it has been anything but neutral.

In that time U.S. Jewish organizations have led the way in urging American aid to Israel - without strings, without criticism. Israel is the largest

Q. HOW DOES ISPAEL

PROMOTE PALESTIN-

IAN NATIONALISM?

MIGHT, POWER AND BEATINGS.

By Anthony Lewis

U.S. aid recipient, now getting \$3 bil-lion a year. And it gets generous private contributions from Americans.

The effect of all that aid has been to give powerful support, financial and political, to Israeli policy in the occupied territories: the policy that has amounted to creeping annex-ation. Israeli opponents of the policy were shorn of the argument that friends abroad really disagreed with t. Silence in America helped those in Israel who wanted to go on settling in the West Bank and Gaza, making it harder for Israel ever to leave.

In the current crisis many American Jews have been troubled, not only by immediate Israeli tactics in putting down Palestinian protests but by the longer-term implications of holding on to the occupied territories. Some have voiced their concerns, among them leaders of important Jewish organizations.

But others continue to avert their

eyes. They say, for example, that the U.S. press has been unfair in its portrayal of the Palestinian protests and Israeli response. But Israel's press has been just as blunt in reporting the instances of beating randomly select-

ed Palestinians Another cause for concern is that some American Jewish leaders contimue to deny the reality of the grievances felt by Palestinians in the West Bank and Gaza. For Jews to lack sympathetic understanding of a people denied control of their own lives eems especially sad.

The current chairman of the Con-ference of Presidents of Major Amer-ican Jewish Organizations, Morris B. Abram, issued a statement that spoke of the protests as designed "to terrorize and to undermine the foundations of a democratic society." He said the disturbances were "not just incidents of domestic unrest" but were "nothing less than a new form of warfare against Israel." He said Israel was just trying to "restore normalcy to Gaza and the West Bank."

Anyone who wants to know what "normalcy" meant for the Palestinians under occupation should read two extraordinary articles in the issues of The New Yorker dated Feb. 8 and Feb. 15. They are by an Israeli writer, David Grossman, who spent seven weeks in the West Bank last year, before the uprising. He wrote a book that was a best-seller in Israel; the New Yorker pieces are taken from it.

What Mr. Grossman shows is a life of humiliation for the Palestinians of petty bureaucratic harassment and nighttime raids and blown-up houses. And he shows the inevitable result: the buildup of frustration and hatred.
One of the Palestinians Mr. Gross-

man meets says to him: "Start thinking about us as your future neighbors. In the end, we will be the people with whom you have to live here." He goes on: "It's not the Japanese

with whom you will have to come to an agreement of peace and trust, right? Even try - and I know that it

is probably hard for you, right?—
try, God forbid, to respect us.

American Jews should also try to
think of Palestinians as human beings, with the usual human desire for respect and the usual feelings of na-tional pride, and they should speak out when they see the danger of Israel trying to control another nation.

The Economist, a conservative British magazine supportive of Israel, said: "If Israel is turning ugly, it is not because its army is inept but because it is a small Jewish nation which since 1967 has been sitting heavily on a small Palestinian nation." The New York Times.

A Warning to Heed: The Lessons of Black Monday

N EW YORK — Last October, a brush with financial disaster in \$1.7 trillion in equity values, including \$700 billion in the United States. Fortunately, this shock did not spread to the currency and fixedincome markets, as it easily might have under not too different circumstances. And we were able to pull back from the precipice of a potential

It was a warning: We must begin to examine, with some urgency, the rea-sons the scare developed and what we can do to prevent another that could have even more serious consequences. Volatility of securities prices, spec-tacularly in evidence in October, is a deeply rooted feature of our new financial world. Then, the focus was on stock prices, but this volatility has also been a feature of both the bond and currency markets. I believe this price instability in the financial markets will

persist and, occasionally perhaps, in-tensity, given the new structure and ongoing developments in our domestic and international financial markets. The wide movements in the values of securities have not abated but have actually increased, with daily swings in currencies and securities growing since late October compared with the months immediately before.

There are at least five root causes for this dangerous volatility. Understanding them is critical to our economic and financial future. 1. and 2. Financial deregulation

have combined to make money and credit highly mobile. Many securities today are deemed marketable and readily priced; portfolio performance tighter American monetary policy to is monitored closely; and many de- ameliorate the imbalance.

By Henry Kaufman This is the first of two articles.

been created and can gamer large rates of return (and also losses) through only moderate price movements. As investigators into the crash pointed out, some of the new techriques, such as portfolio insurance, can exaggerate price trends even though the approach is supposed to limit the risk of the user.

3. The globalization of financial

markets has been a major factor in increased volatility. The U.S. stock market did not collapse in a vacuum on Oct. 19. Major markets abroad all fell, some even more than the U.S. market. The withdrawal of investors from foreign markets had a negative impact around the world. Similarly, the foreign bond buyer exerts a pow-erful influence on the U.S. bond market. For example, when Japanese institutions are large buyers in the U.S.
Treasury quarterly financing operations, the bond market strengthens.
When they and other foreigners
abroad hesitate, as they have when
the financing occurs during a period
of U.S. dollar pressure in foreignexchange markets, the bond market
quickly gives ground. Even when foreign official institutions buy dollars
to stabilize the price such action does to stabilize the price, such action does not necessarily steady price swings in securities markets: First, the official and innovation, two of the causes, intervention does not care the fundamental underlying disequilibrium, and second, market participants may sell securities in anticipation of a

rivative instruments, the simplest of 4. There is the secular underlying which are futures and options, have trend of the "institutionalization" of

savings, which, combined with the increasing "securitzation" of markets, will continue to contribute to big swings in market prices.

Securitization is the vehicle through which financial assets can move in and out of institutional port-folios, and the institutionalization of savings is concentrating portfolio and investment decisions in the hands of fewer participants.

Thus, we have a fundamental anomaly: On the one hand, the market, through securitization, has created an increasing proportion of sup-posedly marketable credit astruments; on the other hand, the investment decision rests with large institutions rather than with a wide range of participants who may hold diverse market views. As this concentration of investment decision-maktration of investment decision-mak-ing continues through the institution-alization of savings, marketability, in its truest sense, will regress, and vola-tility will continue to rise until insti-tutions and markets take on new forms and structures. 5. Finally, the prices of securities

have become much more a vehicle for trying to achieve economic stability. At first blush, this seems incongru-ous: the quest for economic stability through financial market volatility. But there are no real financial circuit breakers today to assist the Federal Reserve in stabilizing economic activity. Obviously, fiscal policy is not timely enough. Therefore, market participants have become extremely

sensitive to the slightest shifts in monetary policy, both in the United States and abroad, as they try to benefit by anticipating whether the Federal Reserve is moving toward higher or lower interest rates. As a result, we will continue to have dramatic responses in market prices when the Fed eases or tightens.

The writer is managing director of Salomon Brothers. He contributed this comment to The Washington Post.

Adam, who had been sent to protect the retreat of the Ancher, Chedam-sega and Teroa tribes with their cattle, had a skirmish yesterday evening [Feb. 6] with some of Ras Ahila's soldiers, who were attempting to cut off the retreat of the tribes. Six Abyssinians were killed and one was taken prisoner. There were no Italian casu-alties. The tribes now occupy the hills outside the Italian lines.

cial report of the Surgeon-General of the United States Public Hospital

ROME — A despatch from Massowah states that a body of irregulars, under the command of Chief Adam, who had been sent to be the retreet of a service to the Indians sadily included in the retreet of a service to the Indians sadily included in the retreet of a service to the Indians sadily included in the retreet of a service to the Indians sadily included in the retreet of a service to the Indians sadily included in the retreet of a service to the Indians sadily included in the retreet of a service to the Indians sadily included in the service to the Indians sadily incl of organization, the service was bound to be inefficient. The Surgeon-

thony Eden was cheered in the House of Commons this afternoon [Feb. 7] as he served notice on the Spanish

Why Bush Refuses To Answer

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By William Safire

WASHINGTON — Why can't George Bush come clean on his participation in the arms for hostages decision? Why does he respond by attacking the press for daring to ask the question, or by hiding behind his confidential relationship with the president, or by claiming that he's already answered everything? As Bob Dole keeps reminding us

the questions just won't go away. Why not put the issue to rest once and for all with a single, dramatio, lay-it-all-out speech? Because it is not that easy, indeed,

resolving the inherent contradictions in his story may be impossible. Here is an attempt to deal with the real world of his imprisonment.

Let us assume, for argument's sake that the CIA chief at the time, William Casey, discussed with the vice president, who is a former CIA director, the vexing problem facing U.S. intelligence a few years ago: the capture of the CIA station chief in Beirut, William Buckley.

The concern here went beyond compassion. Honor among spooks was also involved: The world of spins expects a nation to strain to get back its captured agents with trades or raids. Moreover, our man was being tortured to extract from him the names of our entire network in the Middle East, so getting him out was a matter of national security.

Let us assume further that the idea of dealing with Iran, put forward by national security aides, Robett McFarlane and John Poindexter, was not conched in stark terms of armsfor-hostages. In the real world, people tend to slip around such harsh reality; this could be presented as a way of dealing with influential intermediaries, not as paying ransom to the actual terrorist kidnappers.

And so the colossal misjudgment, in which Mr. Bush was probably involved, went ahead. When presidential findings had to be signed, the matter came up before the National Security Council, where the secretaries of state and defense were let in do the secret. At one meeting at least, on Jan. 7, 1986, they expressed astonish-

ment and strong disagreement.
What did the vice president say?
That's a legitimate question to a man who would be president, and all par-ticipants have been released by Mr. Reagan to say what was advised.

The former defense secretary, Caspar Weinberger, is saying nothing to embarrass Mr. Bush. Secretary of State George Shultz, however, decided to tell the truth from the start: He recalls that the vice president was there, that the secretaries of state and defense were outspoken in opposition, and that "my impression was that the others had a different view." Now we come to what makes cam-

paigning so difficult for Mr. Bush. He is the hostage of his past statements. He thought it would be safe to say t first only that he "supported the president's decision," but that eva-sion intimated that he went along with it afterward, not before.

Then he said that he "expressed misgivings," to give the impression he had been sort of on the side of those opposing the deal; in fact, if turns out that the key reservation was about ROBONDS

dealing through the Israelis.
His third line of defense was that
he was "out of the loop," deliberately excluded from key meetings in which presumably be would have changed the direction of events. "My first real chance to see the picture as a whole didn't come until December 1986," when the whole world knew.

Another approach came when he recalled his feelings about the cap-tured station chief, but that may conflict with the out-of-the-loop defense.

Put yourself in George Bush's shoes now. You cannot go back and unsay what you have said without admitting "cover-up," so that's out. You cannot wholly rely on your own memory about what you said in meet-ings, because in real life people do forget, and contradictory classified material may yet surface, or men about to go to jail may seek clemency

by remembering otherwise.

Admit that you were hip-deep in Mr. Reagan's greatest blunder and tried to sneak out afterward? Never; political suicide.

That leaves you blasting the media for daring to ask, and defending the abstraction of confidentiality of discussions between the president and vice president — when everybody knows that you and he would instantly breach that confidentiality if you had told him privately, "Don't do it." Which is why George Bush, hos-

tage to past evasions, is trying to tough it our. That's all he can do now. The New York Times

100, 75 AND 50 YEARS AGO

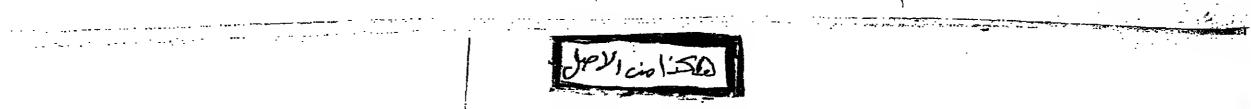
1913: A Plea for Indians

PARIS—[The Herald Says:] Strong-ly confirmatory of the Herald's expo-sures of neglect and ill treatment of the nation's Indian wards is the spe-

General's report shows how these handicaps can be overcome."

1938: Franco Is Warned LONDON - Foreign Secretary An-

Nationalist Commander, General Franco, that he can no longer sink British shipping with impunity, but will have to reckon with the full strength of the British Navy, which has orders to sink at sight all submarines found submerged in the western Mediterranean. The severe tone of Mr. Eden's remarks might hint that Service. Trachoma and tuberculosis are rife among them. In many tribes approximately one-half are affected backer, Premier Mussolini.



FOCUS:

Why Bush

Refuses

To Answer

By William Salire

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Index Follies At the Bourse

UST HOW MUCH value did the Paris Bourse lose last Oct. 19; France's hand noir (Black Monday)?

Monday)?

If you put your faith in the CAC general index, the market fell 4.7 percent. INSEE, the government's economic forecasting institute, calculated the market's loss at 6.2 percent. And L'Agéli, the limancial daily that publishes its own index, said the Bourse plunged 9.2 percent.

Still, when it came to reporting the damage the next day, most newspapers relied on the indicateur detendance, or trend index. It showed a drop of 9.8 percent.

Which index was actually correct seems less dependent on absolute truth than on matters of personal taste, market psychology and institutional jealousy. And the disparities point up a critical issue for investors who are often masware that not all indexes are created equal. Depending on an investor's goals, one may be a better gauge of performance than

By far, most investors rely heavily on the trend index and the CAC. Both are complied by the Compagnie des Agents de Change, the stockbrokers' asso-

Similar to the Dow Jones averages, the trend index records moment-by-moment price movements from open to close. "The indicateur de tendance is the only measure of the market in real time," notes William Timmerman, a dealer for Proget & Compagnic, a Paris brokerage. "When French or foreign brokers ask how the market is doing today, it's the indicateur de tendance they're talking about."

Odile Tissier, the CAC's chief statistician, says the index is based on the prices of 50 well-known stocks, such as Air Liquide, Thomson-CSF and Carrefour. The selection, she says, is determined by relative capitalization, trading volume and the degree to which they represent major market sectors.

The index is produced by adding up the prices, which is then divided by their sum at the end of the previous year. This, in turn, is expressed throughout the trading day as a percentage change from the close of the previous day.

HE BIGGEST DRAWBACK, according to investors, is that the index may not accurately gauge the depth of market sentiment.

Because the Bourse has been slow to computerize its trading system, only about half of the stocks in the index are traded all day. The rest are traded in the

two-hour afternoon session.

As a result, an incomplete opening index is flashed when continuous trading begins in the morning session and is finalized soon after 1 P.M. A closing index then tracks price movements for all 50 stocks in the

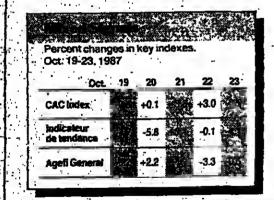
When it comes to day-to-day dealing, the CAC index is the most watched measure of the market's movement. This is especially true for foreign fund

"For our French investments, we use the CAC because it's more popular," says Pascal de Salaberry, director of fund management at Ivory & Sine of Edinburgh. "It's more a question of practice than of determined thoice."

Adds Mr. Timmerman, "The CAC is a very impor-tant tool and it has major impact on the market. There's nothing occult or profound about it. It's just

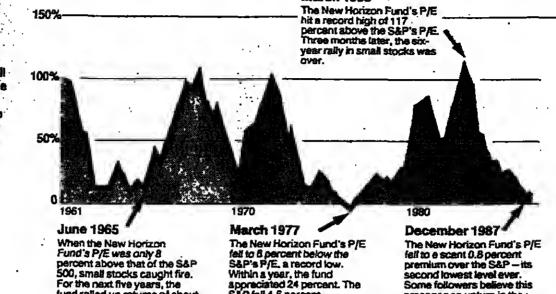
what moves you psychologically."
The CAC is based on a broad sample of 250 stocks. It is also "capitalization weighted." At the close, the sum of each stock's price is multiplied by the number

Continued On Page 10



The Historical Case for Small Stocks

Specialists in U.S. small stocks keep a close eye on the percentage that the price-earnings ratio of T. Rowe Price's New Horizon Fund exceeds the P/E of the S&P 500 stocks.



fell to 6 percent below the S&P's P/E, a record low. Within a year, the fund appreciated 24 percent. The S&P fell 4.6 percent.

What sets market timers apart is the

aggressive emphasis on trying to fore-tell the marker's direction. In the tim-

er's view, the most important decision for any portfolio is when to buy and

sell. Often, they ignore stock selection,

preferring to switch among diversified mutual funds and money market

Timers are also known for the often

complex systems they use to generate

their buy and sell signals. Many timers

rely heavily on technical analysis, the

study of trading patterns to spot weak-nesses and strengths in the market.

Another article of faith is that history

March 1983

Source: T. Rowe Price

The Mysteries of Market Timing

fund rolled up returns of about 135 percent while the S&P

appreciated only 2 percent.

By Elena Bowes

New York ARLTON Lutts's investment advice comes in simple form. He tells readers of his Cabot Market Letter when to put their money into the stock market and when to take it out. And for the two and a half years starting in Decem-ber 1984, Mr. Lutts's investment advice boiled down to two words: Buy

But in April 1987, he turned bearish, advising clients to sell all stocks and go advising chemis to seit an stocks and go into cash. On Oct. 16, the Friday before Black Monday, he was even more adamant, telling clients to "stay in the storm cellar," By November, though, he had turned bullish again, calling the market, "a once-in-a-lifetime buying opportunity."
This in-and-out, all-or-nothing ap-

proach is typical of a group of invest-ment specialists called market timers. They try to outguess the stock market's up and down moves, switching out of stocks when they believe the trend is

While many investment specialists and academics scoff at the idea that one can consistently anticipate market moves, the strong performance of several timers during last fall's market debacle has put them in the spot-light. And with ingering anxiety about another steep drop, even skeptics seem to be paying more attention to timing

Arch Crawford, publisher of Craw-ford Perspectives in New York City, claims that his subscriber base has tri-pled in the last three months. In his Aug. 8 newsletter, he had advised cients to be out of stocks by the 24th of the month. The Dow Jones Industrials Average reached its peak on Aug. 25.

Stan Weinstein, editor of The Profes-sional Tape Reader newsletter, who urged clients on Oct. 16 to have at least 76 percent of their portfolios in cash. standing that we are in a roller-coaster market," Mr. Weinstein says.

timers' worth is of more relevance," says Mark Hulbert, editor of the Washington D.C.-based Hulbert Financial digest, a newsletter that tracks investment newsletters. Timers are especially valuable during bear markets because they aim to help investors "sidestep the freight train," he notes. Timer Digest, a Greenwich, Con-necticut, newsletter that tracks over 40 market timers, calculated that about

Concerns about a bear market are giving timers new prominence.

four-lifths of the advisers it monitors outperformed the Standard & Poor's 500 index. And Mr. Hulbert notes that 71 percent of the market timers tracked by his newsletter beat a strate-gy of just buying and holding a diversi-tied portfolio of stocks. In 1986, only about a third of the market timers beat

a buy-and-hold strategy, he notes.
Of course, most investors practice some form of timing. Investors routinely make decisions about which securities are overpriced and which are bargains, notes Preston Athey, vice president of T. Rowe Price's New Ho-rizons Fund, "When something is out of whack, you move towards what is

undervalued and away from what is overvalued," notes Mr. Athey. A STORY

Another prescient call was made by The key to success in 1988 is under-

"Because of the market crash, the

repeats itself, so timers are earnest stu-dents of market cycles. Timers can be classified as short-

fell to e scent 0.8 percent premium over the S&P - its

second lowest level ever. Some followers believe this

presages an upturn in the fortunes of small stocks.

term, intermediate-term or long-term. Short-term timers are in and out of the market almost daily, while intermedi-ate-term timers issue about 10 to 20 buy and sell signals a year. Long-term timers will issue from one to five signals a year.

Steve Halpern of Dick Davis Digest, a newsletter, says that long-term timers make the most sense for individual investors. Few individuals could bear the heavy transaction costs of switching in and out of stocks more frequently. Also, individuals typically make use of mutual fund groups, which may limit the number of free switches among equity funds, bond funds and money market funds.

The complexity of a timer's model can vary greatly. Mr. Weinstein, named the best intermediate timer of 1987 by Timer Digest, tracks over 50 indicators. The most important involve

Continued On Page 8

Small Stocks: A Neglected **Sector Draws New Interest**

By David C. Lanchner

ETER DaPuzzo marks the passing of bad times by sharing a case of champagne with his staff. On Oct. 16, the Dow Jones industrial average declined 108 points. Mr. DaPuzzo, chief of the over-the-counter trading desk at Shearson Lehman Hutton, drank to the good times ahead. "I thought things could only get better." he

The celebration proved premature. On Oct. 19, sell orders overloaded NASDAQ, the National Association of Securities Dealers Automated Quote system. Investors and their brokers turned to phone lines that often rang busy or were left deliberately unanswered by the market makers. When the smoke cleared, equities had taken an across-the-board hit of 20

Since then, small growth stocks have recovered some ground. But in recent weeks, prices have remained flat; the volume of trading is down more than 20 percent. Still, in the midst of such decidedly gloomy conditions, Mr. DaPuzzo is contemplating another champagne toast. "The last time I felt this excited was in the early 80s, when the" OTC market was computerized, says Mr. DaPuzzo.

The reason has little to do with hopes of a resurgence in the pnomy or even renewed investor confidence. Instead, Mr. conomy or even renewed investor confidence. Instead, Mr. DaPuzzo is looking at a technical development that has been virtually ignored by the public but has clearly excited investment professionals. They believe small stocks now look like a bargain when compared with larger, blue chip issues.

The argument is mostly historical. Price-earnings multiples of growth stocks are frequently 50 percent to 100 percent higher than those of the more mature companies that make up

Standard & Poor's 500.

Now, for the first time since 1977, they are virtually even with the S&P's average multiple of 12.4. The most frequently cited measure, the relative P/E of T. Rowe Price's New Horizon fund, considered a benchmark when evaluating small stocks, has been lower only once before in its 27-year history.

This and other technical factors suggest that after six years of underperforming big stocks, OTC stocks are finally poised to take the lead, say small-stock enthusiasts.

Investors have heard this kind of talk before. Just two years

ago, experts were forecasting a rally in OTC stocks, arguing that they were relatively inexpensive compared to bigger

Continued On Page 10



Stan Weinstein of the Professional Tape Reader

UPDATE

Currency Cloud Over Asian Markets

Heng Kong

HE ECONOMIC-growth that
powered stock markets in Asia's
newly industrialized countries will
likely slow this year, a forecast
based on an expected turndown in U.S. consumer demand but also reflecting the steady
revaluation of local currencies in South Korea
and Taiwan, the two NICs with the most economic clout.

With their currencies traditionally linked to the U.S. dollar, South Korea, Taiwan, Hong Kong and Singapore, often referred to as the "four tigers," have enjoyed a competitive edge in trade with the United States.

But the currency issue has been a sore point in relations with Washington, which has been pressuring the tigers to let their currencies preciate to stem the import flow into the U.S. market. Last November, the Reagan administration went public with its complaints and recently decided to remove special trade privileges enjoyed by the NICs to demon-strate its continued displeasure.

strate its continued displeasure.

The NICS are responding in varying degrees to Washington's demands. The Singapore dollar, which has gained just over 10 percent in value over the past two years, is likely to continue a gentle, well-managed drift input. Analysts predict 5 percent this year.

Here Wasia shows no signs of adjusting its

Hong Kong shows no signs of adjusting its currency. The Hong Kong dollar was pegged to the U.S. dollar in 1983, when confidence in the economy sagged after Britain reached anagreement to turn over sovereignty to China in 1997. Officials have often stated their resolve to keep the 7.80 exchange rate where it



As for the Taiwan dollar and the South Korean won, James Capel & Co., the London-based brokers, expects continued revaluations. But for Taiwan, at least, this is likely to proceed at a slower pace than that set over the

past two-years.

In December alone the New Taiwan dollar rose more than 3 percent against the U.S. currency, for a gain of 24 percent in 1987 and more than 40 percent since the dollar began its descent after the Group of Seven meeting in

September 1985. Analysis expect it to appreciate by another 12 percent this year.

"As long as there's no further increase in pressure from Washington, you're going to see a steady rise of 1 or 2 Taiwan cents a day all year," a Taipei financial analyst says. "The concern is to allow local companies time to address and that's generally considered a teleradjust, and that's generally considered a toler-

And the state of t

Although currency appreciation is already beginning to bite, this analyst adds, most major businesses in Taiwan have already begun adjusting to an exchange rate of 25 to 1. Companies that are running into trouble tend to be those concentrated in labor-intensive, low-margin industries such as toys and textiles — those ripe, in any case, for relocation to lower-wage nations in Southeast Asia.

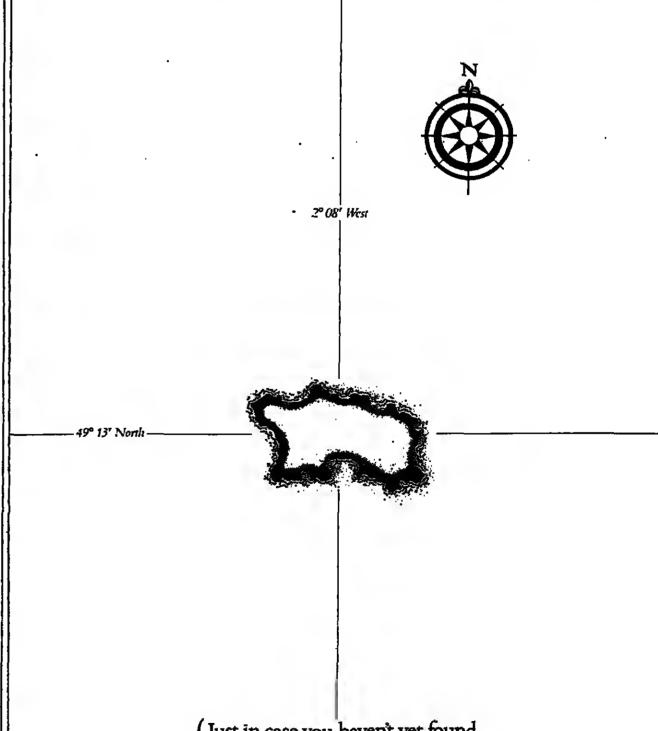
In January, South Korea allowed the won to appreciate 1.4 percent. This followed a 1987 gain of 9 percent. In keeping with the relatively gradual pace set by Scoul, the currency is forecast to move up another 10 per-cent from current levels to 705 won to the

Reflecting the larger scale of Korean corporations, they are proving somewhat less flexible than their Taiwanese counterparts. While the revaluation issue has had little effect on the Taipei stock market, South Korean investors are decidedly nervous.

Although the market has risen some 25 percent since the first of the year, the increase has been concentrated in the construction, trade and financial sectors. Industrial firms, by contrast, have risen only 5 percent, reflecting analysis say, assertions by company execexchange rate rises beyond 700.

"You can't argue with the overall market's performance," says W. Todd Kilborn, senior analyst in Scoul for James Capel. "But the manufacturers are getting killed by the worries over appreciation of the currency.

Patrick L. Smith



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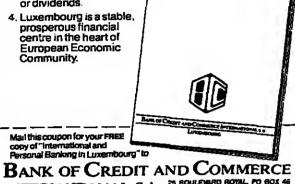
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Martin Zweig: Market Timer Sees Signs of Trouble

By Cynthia Catterson

Y HIS OWN admission, Martin Zweig is a chronic worrier. He worried about a stock market crash more than a month before it occurred. He worried about the magnitude of the collapse on the weekend before Oct. 19. And, much to the dismay of many of professionals on Wall Street, he is still worried.

"I just don't know how we are going to get out of this mess," laments Mr. Zweig, who believes there are too many haunting similarities between October's debacle and the 1929 crash. "In 103 years of peacetime, there were 11 cases where the Dow was down 30 percent or more and every time a recession or depression followed. That fact obviously bothers me."

This may come as disturbing news to many investors. At 45, Mr. Zweig has earned a reputation as one of the most astute market timers in the business. His newsletter, The Zweig Forecast, has consistently been ranked among the top performers by Timer's Digest, which rates how well newsletters call the market. And he was one of a handful to warn of an impending downturn in the market before the Oct. 19

Mr. Zweig's success also has spawned a a thriving money management business. He oversees \$900 mil-lion for institutions and \$90 million for wealthy individuals. And in 1986, he launched the Zweig Fund, a \$325 million closed-end fund.

From June 1980 to November 1987, the partfolio recommendations in The Zweig Forecast generated a total return of 342.2 percent, compared with 204.7 percent for the Standard & Poor's 500 index, according to Hulbert's Financial Digest, which tracks oews-

Now that the stock market has recovered from its October lows, Mr. Zweig says his indicators give him reason to feel positive about the next one to three months, the kind of intermediate term that is his specialty. In broad terms, his timing model is based on monetary trends, trading momentum and investor



Martin Zweig is bothered by similarities with 1929.

Interest rates have not climbed back, he notes. And there appears to he sufficient cash around to keep the market moving. He says that cash accounts for about 9.4 percent of mutual fund assets. This is down from 11.1 percent immediately after October's collapse, but still high enough to be considered a positive indicator. Likewise, his momentum model, which measures advances and declines in terms of price and volume, is positive.

When looking at the longer term, however, Mr. Zweig is uneasy. In fact, he believes the market will not show its true nature until sometime in the second half. "I think we are in a rally of a bear market similar

to the rally that followed the crash in 1929," he says. That rally lasted through April 1930, with the market regaining about half the ground it lost in the crash. "With everyone expecting the Dow to go to 2,200 this spring, it probably won't ever happen." he

Mr. Zweig believes the market's downside risk is far greater than what could be gained in a tally of a few hundred points. The spring rally of 1930 was followed by seven successive downward selling waves of similar magnitude to the crash of 1929. During that period the market lost 89 percent of its value; the economy tumbled into the Great Depression. "Could you imagine seven more Black Mondays?" he says.

Based on his indicators, Mr. Zweig believes there is about a 60 percent chance for a 1929-1932 scenario to he repeated in the coming years. Particularly disturbing to him are the correlating patterns he finds between events leading up to the declines in 1929 and

October last year.

"Tracking 1929 most of last year is what got me out of the crash," he says. "And looking at 1930, I don't see that the differences between that period and right now are all that significant. I think the similar-

tues are more meaningful."

Both were preceded by a business recovery with moderate consumer price growth and a subsequent slowdown. This, in turn, was followed by another economic recovery, as was the case in 1929 and 1987. The stock market, says Mr. Zweig, was understandably vulnerable last October. "The only time stocks were more overvalued in terms of earnings and priceto-book ratios was in 1929," he explains

Now, as he looks at the post-crash era, Mr. Zweig is concerned by the Federal Reserve Board's reluctance to expand the money supply because of the weak dollar. Roughly 50 percent of his timing model is based on monetary indicators.

"Historically, slow money growth has led to recessions or really bad stock markets within a year or

less." He says the problem is compounded by overex-tended consumer debt and record low levels in per-

sonal savings.

Indeed, it was the Fed's decision last September to raise its discount rate that finally convinced him to flash a sell signal to his 13,000 subscribers. At the flash a sell signal to his 20,000 subscribers at the flash a sell signal to his 20,000 subscribers. time, he said there was a 50 percent chance that the market would have a greater than 10 percent drop and advised the subscribers to his \$245-a-year newsletter to reduce their stock exposure to 67 percent and invest 1 percent of their portfolios in November put

On the eve of the collapse, he was telling client On the eve of the conapse, service to reduce their using his telephone hotline service to reduce their market exposure to 8 percent, investing 3 percent in puts, and leaving the rest in cash. In the weeks that followed, the Dow Jones industrial average fell affollowed, the Dow Jones industrial average fell affollowed, the Dow Jones industrial average fell affollowed. most 40 percent from August's record high, while Mr. Zweig's model portfolio gained about 13 percent. Volatility is another source of worry to Mr. Zweig

Postatinty is another source of worry to Mr. Zweig. Based on a daily average, the Dow Jones average has been swinging up and down by roughly 3.5 percent. This degree of volatility has oot been seen since 1929, he argues, and has eroded investor confidence. Further basicing confidence has been seen since 1929. ther bruising confidence has been programmed trad-ing, he says, because it has made it even harder for investors to get out of a falling market.

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Mr. Zweig does not expect the market to take a turn for the worse until sometime later this year. However, he has already started to reduce his equity exposure, going from 80 percent in the beginning of the year to 68 percent.

When picking stocks, Mr. Zweig uses computer programs to select issues on the basis of carnings nentum and attractive price/earnings multip He also reviews Wall Street reports in search of companies whose earnings have been underestimated, betting that future revisions will boost the price of

For the time being Mr. Zweig is not recommend-ing any stocks. He holds 10 in his model portfolio, however. These include Apple Computer, Canadian Pacific, Louisiana Pacific, Walt Disney, Northweste em National Life, USX, Caesars World, TRW, Tran-

Mysteries of Market Timing

the market and key sectors are that usually move in tandem sud-rising and falling. These include denly move in opposite directions. such statistics as the Dow Indus- One example would be if his chart

A second set of indicators measures investment sentiment. These include various measures of shortselling activity, the sale of borrowed stock in an effort to cash in on a market decline. A final group of indicators tracks monetary po-licy, including gold prices and banking reserves.

Mr. Weinstein says oo single indicator influences his decision to

issue buy and sell signals. "The weight of evidence" of all the indicators is the key, he says. "The one scenario."

Continued From Page 7 what he likes to call "negative dimeasures of momentum: how fast vergencies," cases when indicators interest rate trends. He uses interest rates to construct what he calls

Despite the success of several trials' 30-week moving average of advancing versus declining timers in sidestepping last Octo-and daily readings of the number stocks is setting oew highs, but the of advancing and declining stocks.

Dow average is not.

Many students of stock markets remain skeptics.

bearish over the long term. There and predictability of markets.
is too much "complacency, not Stephen Ross, a professor at trick is oot to get wedded to any fear," he says. "When the market ne scenario." really hits the bottom, blood is running in the streets."

Currently, Mr. Weinstein is The argument goes back to ageneutral for the short term and old arguments about the nature old arguments about the nature

Stephen Ross, a professor at the Yale School of Management, agrees that "oothing determines performance as much as the allocation of assets and when an investors does it." But, he adds, "If timing works, it is still very hard to

A study published recently by Richard S. Woodward and Jess H. Chua of the University of Calgary concludes that to be successful over long periods of time, a timer markets and 50 percent of all bear markets. (The difference in the percentages reflects the historical updrift in stock prices.)

Mr. Athey at T. Rowe Price regards aggressive timing strategies as a "hazardous endeavor." Tecinicians, he says, echoing a oumber of colleagues, are a "weird lot."

Still, Mr. Hulbert is oot so quick to dismiss the usefulness of timers. "It's too easy to poke holes," he says. "Yes, there are some charlatans out there. But there also are timers with consistently good re-

1987's Top Timers

The best-performing market timers tracked by Timer Digest from Jan. 2, 1987 through Dec. 31, 1987. The performance index measures results against the Standard & Poor's 500 index, which is based at 100 at the start of the period. Some opinions may h. e changed since publication of the

	Performance index	at year-end	most recent signal
Stan Weinstein Professional Tape Reader	175.7	Bullish	Dec. 8
Craig Corcoran Davis/Zweig Futures Hottine	164.8	Bullish	Nov. Ti
Martin Zweig Zweig Forecast	160.8	Bullish	Dec. 30
Lewis Stocks Superdow	155.8	Bearish	Dec 31
Steve Todd Market Master	154.3	Bullish	Dec. 4
Peter Eliades Stock Market Cycles	151.3	Bullish	Dec. 14
Gerald Gordon Gordon Market Timer	150.1	Bearish :	Dec. 29
Charlie Hooper Mutual Fund Strategist	143.0	Bullish	Dec. 30
Bernard Schaeffer The Daily Trader	140.6	Bullish	Oct. 20
Heinz Petzold Petzold On The Market	136.1	Bearish.	Nov. 30
Standard & Poor's 500	100.3		

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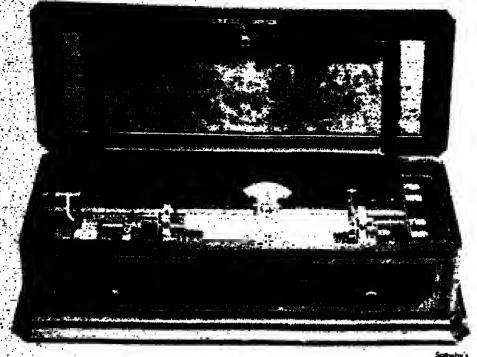
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COLLECTING



A Swiss cylinder music box by Troll & Baker, late 19th century.

An Ear for Musical Value

By Alice Oshins

HILE MOST collectors rely on visual instinct to appraise prized pos-sessions, those who collect music boxes have decidedly different criteria. For these enthusiasts, sound is the chief measure of aesthetics — and value.

"When people buy music boxes, they close their eyes and just listen to the music," says Dana Hawkes, collectibles expert at Sotheby's in New

As more people listen, prices for these precious boxes are rising. Yet, the market for music boxes is characterized more by stability than by speculation. It is relatively small. And, experts say, it is dominated by collectors who tend to have specialized knowledge of the music boxes' complex me-

Ziegfried Wendell, director of the Museum for Mechanical Instruments in Rudesheim, West Germany, estimates that the value of music boxes is appreciating at an annual rate of 5 percent to 10 percent. "With a weaker dollar, it pays to buy music boxes in the U.S. right now," he says.

Music boxes have always been objects of curi-

osity. Swiss watchmakers were the first to invent a device in which the raised pins of a rotating cylinder could pluck the teeth of a tuned, metal comb to produce a musical note.

Initially, these contraptions were inserted into clocks and snuff boxes to enhance their appeal. But by the early 1800s, the public's fascination with ransic boxes was evident. And their popularity grew when leading Swiss makers such as Nicole Frères, Bremond, Paillard and Troll & Baker made boxes with arias, overtures, polkas

By late 1800s a music box using a disc was introduced in Germany by Polyphon, a Leipzig company, which also sold them in the United States after founding Regina. The Rahway, New

Jersey, company is better known nowadays for its bome appliances.

The disc music box was generally louder and

livelier. For example, "Yankee Doodle" and "Bill Baily Won't You Please Come Home" were American favorites. People also found they had a much wider selection of discs, enabling them to use this music box much like they would use the phonograph decades later.

Whether the music is produced by a disc or cylinder generally does not affect the value of a

Nevertheless, certain markets have preferences. Over the last four years, for instance, Japan has become one of the strongest markets for disc music boxes. "In Japan, they like the idea that with the disc boxes you can have more music, as opposed to the cylinders, where you can't change the options," says Nancy Fratti, a music box specialist in Whitchall, New York.

Regardless of the type of box, the quality of the sound remains the overriding concern. Here, the length of a cylinder or diameter of a disc is a key factor because the greater the surface area, the longer it takes for a complete revolution. As a result, the box can produce more notes and, therefore, more sophisticated arrangements.

This tends to boost value. At a December 1987 auction at Christie's in London, a 24%-inch disc Polyphon box fetched \$8,500, more than \$3,000 above its anticipated price. At Sotheby's in New York, a 13-inch (33-centimeter) cylinder box commanded \$1,700 more than its \$4,000 estimate. And a Polyphon 24½-inch disc music box sold at \$5,250, more than double the estimate.

Maintaining the quality of the sound can be costly, however. Music boxes are mechanical and require tuning and repair. Indeed, it is not uncommon for the cost of restoration work for a broken box to exceed its resale value. However, collectors have little choice since boxes badly in need of repair or tuning are generally shunned by

Finding the Right Money Market Fund

funds' investments is 120 days, so

"if your fund's maturity is 119

days." Ms. Cook warns, "that's

Fund size is also important.

You want a behemoth," counsels

Mr. Markese. Ms. Cook agrees:

"Generally, large funds are able to keep their expenses lower than small funds because of economies

"Larger funds also are less lim-

ited in the denominations of the investments they purchase," she

adds. "What's more, large funds

are often members of fund fam-

ilies, offering investors the flexibil-

ity to move their money easily among a variety of funds with one telephone call."

sociated with managing a fund take on greater importance. "Not

all mutual funds are quite the

same," notes Mr. Markese. "When

looking at very short-term yields,

costs will eat away at yields." Ex-penses of one-half to three-quar-

ters of one percent of fund assets are considered acceptable.

self on low operating costs is the

One fund group that prides it-

Assets (5 millions)

\$4,295.7.

145.2

354.4

4,477.8

181.1

341.3

221.5

222.3

167.7

6.54

With yields so low, expenses as-

something to think about."

By Joan Westreich

New York HE RESURGENCE of investor interest in U.S. no surprise. Since Oct. 19, the rending volatility of global markets has heightened the appeal of these safe extremely liquid. these safe, extremely liquid cash

According to the investment Company institute, an industry trade organization, in mid-Octo-ber, \$247.2 billion was on deposit in taxable funds, while the lesspopular tax-free category con-tained \$66.! billion. By Jan. 20, the tally had risen to \$273.6 billion in taxable funds and \$68.3 billion in tax-free funds.

Today's yields are far from the double-digit yields of the early 1980s that buttressed the popularity of money market funds. Ac-cording to Donoghue's Money Fund Report, in 1987, 12-month average yield for all taxable funds was 6.12 percent. Tax-free funds yielded about 4.14 percent.

With yields so modest and the financial environment so volatile. it makes even more sense for investors to do a little comparison shopping. Money market funds can vary widely on such key points as special services offered, the kinds of instruments in which they invest and administrative costs.

The place to start is with the fund's prospectus, available directly from the fund sponsors or through a brokerage. Susan Cook, editor of Donoghue's Money Fund Report, advises examining a fund's track record "not only for the previous year, but for two, even five years.

Among the first decisions is whether to choose a tax-free fund. "These make sense only for indi-viduals in the highest income brackets," says John Markese, director of research for the American Association of Individual In-

Another question is whether the services offered by the fund meet personal needs. Money market funds offer a range of services, which may include check-writing privileges, telephone switching into equity and bond funds, wire redemption, and provisions for individual retirement accounts.

The minimum initial invest-ment typically is \$1,000, but may vary from \$250 to \$10,000. Some funds have no minimum deposit requirement. Many restrict the number and amounts of checks. Some charge sales fees. The funds, which are regulated

by the Securities and Exchange

The U.S. funds differ in crucial ways, so shopping

Commission, may invest only in the safest, most liquid, short-term securines available in the money market. Typically, money funds include a mix of U.S. Treasury bills, other U.S. government agency notes, top-rated commercial paper and bank certificates of deposit. Some funds also delve into

the Eurodollar market. The most conservative investors may want to be in a fund denominated in U.S. Treasury debt only, though they should not expect su-

Another risk-related issue is how aggressively the fund manages its assets. Here, the average maturity of the financial instruments in the fund can give an indication

rates and yields on money funds will go," says Ms. Cook. Fund agers trying to increase yields often buy instruments with comparatively longer maturities. Longer maturities, though,

"Maturity is an indicator of where managers think interest

mean a bit more risk and can make for more volatile returns. The aximum maturity allowed on the

1987's Top Yields

Vanguard M.M.R. Prime

Bayshore Cash Reserve

Kemper Money Market

The Galaxy Funds M.M.F.

Trinity Liquid Assets Trust

Mariner Cash Mgt. Fund

Counsellors Cash Reserve 6.48

Sawes: Donegtue's Money Fund Report

Cash Assets Trust

MarketMaster M.M.F.

Flex-fund Money Market Fund

Top-performing general purpose money funds in 1987 with assets over \$100 million

panywide goal to beat back expense ratios without cutting back quality or service," says Brian Mattes, company vice president. "We operate the fund for about 37 cents for every \$100 [of assets] compared with the [industry] average of 75 cents."

Donoghue's Money Fund Report ranks Vanguard M.M.R. Prime, with its 6.64 percent yield, as the No. 1 for 1987 among tax-able funds with assets of \$100 million or more.

At the end of November, Van-guard M.M.R. Prime's assets were invested 84 percent in domestic money market instruments such as

Vanguard Group of Valley Forge, Pennsylvania. "It has been a com-mercial paper and bankers accepmercial paper and bankers acceptances. In addition, it held 10 percent in so-called repurchase agreements and 6 percent in U.S. government agency paper.

One fund group taking a more global view is Huntington Advis-ers of Pasadena, California. It operates money market funds in six different currencies, including the Japanese yen, Deutsche mark and British pound, as part of its Inter-nacional Cash Portfolios.

The group includes a Global Portfolio that invests in a wide range of instruments in various currencies to maximize the fund's

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The Bloodbath in New Stock Offerings

By John Boland

New York EW INVESTORS WHO bought new stock offer-ings in 1987 will look back with pleasure. The pre-October market en-Wall Street's underwriters ables was steed whime of initial public offerings (IPOs) — \$24.2 billion worth, np 8 percent from a year earlier, according to Going Public, a service that tracks the

But by the time the books closed in December, the average new is-sue had fallen 24.6 percent from the price the initial buyers paid. Going Public has not calculated the dollar loss to investors, but the publication's editor, Susan Gal-lant, says, "My guess is it's the biggest ever."

The largest new issue in history,

hast June's \$1.58 billion offering of a closed-end bond investment company, the Nuveen Municipal Value Fund, closed the year down 17.5 percent from its \$10 offering

Like most closed-end funds, Nuveen Municipal Value trades at a discount from net asset value. And typical of initial stock offerings — whether of industrial, ser-vice or investment companies the underwriter's fees and discounts depleted the initial inves-tors capital by 6.5 percent at the

Results were at least as disappointing for investors in the great



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majority of the IPOs of 1987. According to Ms. Gallant, only 18 percent of the year's 541 new issues closed December above the initial offering price. During 1986, 44 percent of the IPOs were trading above their offering prices at

To many analysts, it comes as no surprise that a boom in new issue sales was accompanied by miserable performance by the stocks in later trading. "You can use the trend in IPOs as a fairly accurate barometer of the stock market," says Kenneth L. Fisher, whose Woodside, California, management firm directs about \$120 million. When the number of new issues is high, he says, "It's a

lysts assert that new public offerings seldom are a good deal for the initial buyers. "Companies only go public when they can raise money at favorable prices," Mr. Fisher says. "Favorable prices to them are unfavorable to the buy-

The underwriting firms compet-ing for corporate business will often price a deal as high as the market will bear, according to several analysts. The pressure for business also may have led underwriters to take fewer pains to in-spect the quality of the products they were selling, money managers and investment bankers say.

The stock market plunge in October burt many issues and dried up demand for further offerings. Even so, much of the decline in the new-issue prices is evidence that "they were bad deals," one retail broker said. In some cases, bad news came soon after the public bought, leading to lower prices. In April, Laidlaw Adams

brought out a \$6.6 million offering bad time to buy stocks."
Mr. Fisher and some other anaof Fisher Transportation Services, a freight carrier. Five months later, the company cited inadequate accounting controls in saying that reported financial results could not be relied upon. Fisher Trans-portation's stock was high on the year's losers' list, falling 92.7 percent, from \$6 to about 50 cents.

De Laurentiis Film Partners, brought out in February at \$16.25, closed last year at about 81 cents, down 95 percent. Other poor performers among deals of more than \$5 million, cited by Going Public, included Antonovich, which sells fur coats. It was brought out by Evans & Co. in March and fell to \$1.875 from \$9.625 by year's end,

Among deals larger than \$5 million, the Fastenal Co., underwritten by Robert W. Baird, led the winners last year, ahead 64 per-cent. Fastenal sells threaded fasteners. Calgon Carbon, a maker of activated carbon brought out by Shearson Lehman, gained 57 per-cent. Three offerings with values ranging from \$22 million to \$120 million — Topps Inc., Cariton Communications and British Airways — each gained slightly less than 50 percent. The underwriters were Goldman, Sachs; Shearson, and Salomon Brothers, respective-

· 1987 The New York Times

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Post Bang: Brokers Go For the Fees

By Marybeth Nibley

HEN FIXED comm stock trades were abolished in October 1986 in London's Big Bang of deregulation, there were dire predictions that individual investors would pay more, not less.

The predictions have proved largely accurate. Competition for the brokerage business of big institutions, such as pension funds and insurance companies, has cut commissions for those heavyweight traders to the bone. But the fees charged to private investors have gone up.

"The private investor is paying more because before Big Bang he was subsidized by the institutions," says Peter Saunders, head of private-client services for Kleinwort Grieveson Investment Management, "Private inves-tors never paid enough before Big Bang, real-

What has happened to small investors bears several similarities to what occurred after U.S. authorities abolished fixed commissions, says David Blake, director of the securities industry program at City University Business School in London. Competitive pressures have forced firms to scrutinize their cost structures, and the individual investors generally come out the loser.

Given the overhead involved in maintain ing small accounts, few firms are actively courting private investors. While a handful of brokerages, such as Quilter Goodison, made news by putting retail-like boutiques in department stores and other locations to woo average investors, most firms prefer to target the wealthy. Small investors are herded into unit trusts and other forms of pooled invest-

David Franks, director of the retail division of Quilter Goodison Co. Ltd., says firms seem to be refraining from encouraging retail busi-ness because they have had a hard time coping with the increased volume of trades. Until greater automation becomes standard, the growing business generated by privatizations and the government's promotion of share ownership will strain back offices.

One of the problems of gauging the change in transaction costs is the transformation of the financial services industry itself. The investment business was carved up more neatly before Big Bang. Stockbrokers and banks charged commissions for trades, and merchant banks charged investment management fees to manage their wealthy clients' portfo-lios. Now, the melding of the financial ser-vices industry spawned by deregulation has led to an assortment of packages of services and fee structures.

Before Big Bang, commissions paid to stockbrokers were set by the Stock Exchange, with the amount depending on the size of the share transaction. These commissions typically ranged from 1.65 percent on trades of up to £7,000 to 0.55 percent for trades between £15,000 and £130,000.



The Quilter Goodison boutique at Debenham's department store.

Some firms have, in effect, kept the old Stock Exchange commission scale with little or no modification. They note that customers put up little resistance to commissions because these charges are deducted from capital gains when calculating tax liability. Fixed fees generally are assessed on fuller services, which may include portfolio performance reports, telephone or written advice, and tax computa-

Increasingly, the emphasis in the industry is on generating fees. "The whole trend among the larger firms is to go more for fees and less for commission," says Mr. Sannders at Kleinwort Grieveson. From the view of the firms, fees represent a more reliable revenue stream.

David Rosier, deputy chairman of Mercury Rowan Mullens, the private client arm of Mercury Asset Management, says there is also a belief that commission-based remuneration - payments linked to the size and number of transactions - is a temptation to "churn" customer accounts. Churning is the unnecessary buying and selling of securities to boost

A basic consideration for any investor is who will make the decisions about what to buy and sell. Discretionary accounts, where the investment manager makes the decisions, have a different cost structure than advisory accounts, where the customer makes the investment decisions. In sizing up costs, investors should keep in mind that many firms quote costs exclusive of value-added tax, and a stamp duty of 0.5 percent on all purchases across the board also is passed on to custom-

Hill Samuel's discretionary portfolio scr-vice is an example of mixing fees and commis-sions. The minimum investment is £200,000, on which Hill Samuel charges a minimum fee of £1,100 annually. The fee takes a declining percentage of larger portfolios so that on accounts of £1 million, the fee is £3,000. A commission scale along the lines of the one formerly mandated by the Stock Exchange is

For clients with less to invest, Hill Samuel offers a unit trust investment management service on which it charges a minimum of

Mercury Rowan Mullens Ltd. charges a fee based on the value of a portfolio so that the

more money made for a client, the higher the fee. The discretionary management service is available to private investors with about £300,000. The fee is 0.75 percent per year on the first million, or a minimum of £2,500 for portfolios managed in the United Kingdom investing in securities for which payment may be made in British pounds.

Commissions are charged, starting at 1.4 percent on transactions up to £7,000 and declining thereafter as the trades get larger. There are no commissions on transactions over £900,000.

At some firms, investors may elect to pay a fee based on the number of holdings. At Kleinwort Grieveson, an investor who chooses this structure would pay an annual fee of £5 per holding if using the so-called nominee service, in which the securities are held in the firm's account, and £10 otherwise on the full discretionary account. The advisory service's annual fees are £15 if the nominee service is used and £20 otherwise.

Investors can buy and sell shares through their banks, such as Barclays, Lloyds or National Westminster. Usually, there is no minimum amount that must be invested and there are fewer frills.

Natwest Stockbrokers charges a minimum of £25 for any transaction that goes through its books, up from £15 about two years ago. It also levies a flat closing commission of £30 on second transactions occurring within the same Stock Exchange account period, which lasts two weeks. Before Big Bang, closing commis-sions were optional and few brokers charged

Private investors who know what they want to buy or sell have a handful of executiononly, no-frills outfits from which to choose, Even a few of the bigger brokerages have ventured into this area with varying degrees of success. One of the ventures, called Share-Link, can be compared to an American-style discount broker.

Launched last year in partnership with Albert E. Sharp, a large independent brokerage based in Birmingham, ShareLink aims to provide a fast and efficient way to trade securities. It offers no stockbroking advice or investment management services.

Small Stocks: A Historical Case

January Market Scoreboard

stocks. It never occurred. And there are still dannting problems confronting small companies, not least of which is a looming reces-

Yet, some market observers believe the alluring ratios will finally overcome the investment styles and pressures that have kept the OTC market down. Moreover, they say that this presents an op-portunity for individual investors. since many big institutions have abandoned small stocks.

Binkley Shorts, manager of the Boston-based OTC Fund, is a vigorous proponent of the valuation argument. He notes that big or small stocks tend to outperform each other during cycles that last five to seven years. Since hig capitalized stocks have tended to dominate the buil market since 1982, he believes it is time for small stocks to take over the lead.

Mr. Shorts also notes that the reversal has happened in the midst of bear markets and bull markets, when the dollar was strong and when it was weak. "The one constant," he says, "has been the technical factor of relative valuations. When the pendulum swings to ex-cessively high multiples in either the blue chip market or among small growth stocks, investment styles change."

The premium paid for OTC shares has been steadily eroding since mid-1983, when the small stocks traded at more than 2.2 times the S&P multiple. As measured by the New Horizon Fund, that multiple is now only at a 1 percent premium to the S&P 500.

"Almost every time the multiple has fallen within about 5 percent of the S&P, NASDAQ stocks have begun to outperform the larger stocks within a year," says John Laporte, portfolio manager of the New Horizons Fund.

A look at stock performance over the past five years gives credence to the pendulum theory. The heart of NASDAQ, the 1,200 companies with market capitalizations of \$25 million to \$150 million, have seen earnings increase at twice the rate of S&P stocks and book values grow 150 percent faster. In the same period, though, the NASDAQ Composite index has appreciated only 42 percent, compared with 113 percent for the S&P.

Mr. Shorts blames indexing, corporate buybacks and new-issue activity to explain why OTC stocks have been overlooked. For the past five years, buybacks have shrunk the supply of stocks on the major exchanges, boosting prices. At the same time, new issues on the OTC market have increased supply, depressing prices. And indexing, the practice of keeping pace with market averages by investing exclusively in the stocks of major yardsticks like the S&P, has

New York Stock Exchange: Compiled by Media General Financial Services. Prices Fedarated Dept. Stores **Tandam Computers** Applied Magnetics Amax Gold Inc. -24 -23 -23 -23 -22 -22 -22 -21 American Standard Sterling Drug Inc. 56.75 19.75 15.63 14.13 36.50 26.25 11.88 12.63 +60 19.75 18.63 Ultimate Corp. Battle Mountain Gold +55 51 Artra Group Inc. 26.75 17.50 30.88 11.38 16.13 Phelps Dodga FMC Corp. National Intergroup stop & Shop Cos. Placer Dome Gottschalks Inc. Teradyne Inc. 17.63 Ingredient Technology Callahan Mining American Stock Exchange: Western Digital. Echo Bay Mine Ltd. 14.75 11.88 Grand Auto Inc. First Wyoming Bancorp Howell Industries Inc. Resorts Int'l Inc. (A) -26 26.00 19.63 Valspar Corp. Amer. Israeli Paper 16.13 13.75 -17 -16 Giant Yellowknife Over the Counter: Cooper Development Co. Topps Co. WTD Industries Inc. -28 -26 Intrex Financial Serv. 16.50 46.63 - 11.63 Agnico Eagle Mines Amer. City Bus Jour. Stanadyne Inc. Phoenix Medical Tech. -25 -25 13.50 Burritt Interfinancial Pegasus Gold Inc. London Stock Exchange: Compiled by Morgan Stanley Capital Int 244 395 195 138 564 142 108 **BBA Group** Telephones Rentals Electrocomponents Laing Properties Tricentrol +23 +22 +21 +20 183 Amstrad Calor Group Dee Corp. Ferranti 260 194 Rolls-Royce BAA (British Airport) Allied Colloids Group Northern Foods Metal Box Christian Salvesen 277 483 Marley **Tokyo Stock Exchange:** Compiled by Morgan Stanley Capital In Inageya Chiyoda Chemical 1,490 771 2,140 3,400 2,160 719 959 308 1,440 3,480 Nippon Yakin Kogyo Okuma Machinery Wrks 615 Seiyu Mitsubishi Trust 890 4,430 Daiwa Securites Osaka Trianium 1,190 Kamigumi Maruzen Co. Nippori Univac 1.650 Nippon Metal fnd, 611 Kawasaki Heavy 870 Tekken Construction Fuiitsu Kyowa Hakko-.1:710 Ind. Bank of Japan

pushed a large universe of shares to very high multiples without regard to basic company fundamen-

"The crash finally revealed that valuations on larger stocks were way out of line. Highlighted by the low P/E ratio, investment momentum should swing back to the small stocks in a matter of months," says Mr. Shorts. He says the OTC market could climb 10 percent by year's end, while the S&P and other large stock indexes remain flat.

Whether price attractiveness alone is enough to propel OTC stocks remains at the center of a debate. Robert Robbins, an emerging growth specialist with Robinson-Humphrey in Atlanta, believes small stocks will continue to trend lower "at least through 1988." He cites several market conditions that are unlikely to

Increased competition from foreign companies and ever-growing

change without a significant

strengthening of the economy.

numbers of entrepreneurs have eroded earnings at small businesses in recent years. Mr. Robbins maintains. Also, he points to the ability of larger ficus to trim more fat from their operations.

Another important factor contributing to poor small-company stock performance is excess industrial capacity spawned by a sing-gish economy. "This drives com-panies to look for new areas to compete in and makes things tougher for the small firms," he says.

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Sizing Up the Indexes

Continued From Page 7

of outstanding shares. The total capitalization is then divided by the capitalization of the same stocks on Dec. 31, 1981. Brokers note that the CAC in-

dex has extra value as a long-term measure of the Bourse because its base coincides with the start of the bull market in France, Previous to 1981, the CAC index, which was initially launched in 1968, was based on 1961 capitalizations. Ms. Tissier said that the CAC

could go through a major reformulation at the end of this year to reflect the return of financial stocks as a result of the government's privatization program. In the past year, the government has sold off Panibas, Suez and Société Générale. Depending on market conditions and presidential election politics, it has hopes of privatizing several more, such as Crédit Lyonnais, Banque Nationale de Paris and two large insurance

groups.
"Like in 1981, when we had to restructure the index because of the nationalizations, now we'll the nationalizations, now we'll have to change it because of the privatizations," she says.

One of the CAC's shortcomings is that its daily value is based on opening prices. That, say analysis,

explains the CAC's understated account of the Bourse's performance on Black Monday. The day's index result was already set in stone before Wall Street opened in a free-fall at 2:30 P.M. local time, sending Paris prices down

In contrast, statisticians who calculate the Agéfi index, published by the Paris-based financial daily, claim their numbers reflected both the depth and breadth of

the crash. Gérard Prevost, head of L'Agéfi's index service, claims his general index is more accurate than the trend of CAC indexes because it reflects the prices of all stocks traded on the market, not just representative samples. And since it uses closing, instead of opening prices. Mr. Prevost argues the Agéri is better than the CAC as a

mirror of the day's activity. "Many times when the indicateur shows a light increase, we show a small decrease," he says: Their indices aren't fine-tuned to give a picture of the market as comprehensive as ours."

While the debate about which is the best index continues, there is, little argument over which is the worst. The government's INSEE stock index, started back in 1850. is regarded as the most irrelevant measure by market professionals.
The chief reason is that INSEE'S index is not calculated until the following day—too late to be a useful barometer of the marker. To compile its two daily indices one based on closing prices of 56 French stocks and the other on 30 foreign stocks traded on the Bourse - statisticians at the IN-SEE wait for the next day's newspapers to arrive to add up the closing prices and calculate the index by hand.

Jacques Neher

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Another important factor on-

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MONDAY, FEBRUARY 8, 1988

Interest-Rate Concerns Make the Market Manic

By CARL GEWIRTZ

ARIS — The Eurobond market is going through one of its manic periods. New-issue volume slumped to \$2.5 billion last week, following the previous weeks \$8.4 billion, as the euphoria of a stabilized dollar dissipated into worries

By week's end, with the U.S. Treasury's quarterly refunding the of the way. U.S. bond prices were again soaring after washington reported a much smaller gain in January employment than most analysts had expected.

[Although U.S. officials cantioned that one month's figures do

is being committed

to straight

dollar bonds.

of indicate a trend, bond markets interpreted the job data as ctinfirming the signal given by the earlier report of a big buildup in inventories that the Little new money

U.S. economy is headed for a Conviction that a recession is impending has underpinned

the rally in bond markets since the Oct. 19 crash in stock

[A U.S. recession would be good news for the dollar — implying fower imports and therefore declining trade deficits. The bond market would also benefit as it would open the way for a further decline in interest rates and a continued rise in bond prices. But whether it is a recession or simply a slowdown in growth is

still uncertain, as is the ontlook for interest rates. There is one school of thought that dismisses the accumulation of inventories as hurting only retailers, reflecting the slowdown in consumer demand, but not industry overall, which is working flat out to meet the rising export demand.

As a result, the United States is seen as being in no danger of slipping into a recession. In other words, under this scenario there is no justification for the Federal Reserve to allow interest rates to fall.

The other view on reading the data is that the growth in exports which still only account for about 10 percent of total U.S. catput — will not be enough to overcome the weakness in the demestic market or prevent a recession.

OR DOLLAR investors, the crunch may come this week.
At midweek, the Fed's policy-making Open Market Committee meets and market operators will be looking for signs of easing. A cut in the discount rate is probably premature given the ambiguity of the economic data, analysts say, but the Fed could allow the cost of overnight money to dip.

The bond market could be set back if there is no sign of any change by the Fed. Analysts note that bond market interest rates are now back to levels prevailing nine months ago and a cut in the discount rate is widely foreseen.

However, a Salomon Brothers economist, Henry Kaufman, said he doubted that the Fed would cut its discount rate.

"With memories of a plunging dollar still fresh, that move may require an internationally coordinated interest rate cut, which is not likely soon," he said. "Authorities may also be hesitant to move without further confirmation of dwindling inflation and more substantive evidence of a steadily weakening expansion that the statistics have sure offered." than the statistics have yet offered.

"Although employment growth dropped markedly in January," Mr. Kaufman added, "it remained positive, and slowing December inventory gains suggest that a needed reduction in business stocks may already be under way. Consequently, the Fed will scrutinize upcoming data for evidence of further deterioration in domestic demand before easing more decisively."

Financial markets will also be looking to Friday's report on the December trade ligures. These are widely expected to be in the range of November's \$13.2 billion shortfall -comfortably below the disturbingly large \$17.6 billion deficit registered in October. If the latest trade data is deemed favorable and the dollar remains on the uptrend that has pushed it back to levels not seen since November, then the Fed will have a freer hand to consider

easing interest rates. ... Without such easing, the rally in the dollar bonds markets may simply run out of steam. Growing doubts about further cuts were evident last week, when the value of straight Eurodollar bonds offered for sale tumbled to \$620 million. In each of the previous two weeks the new-issue Eurodollar calendar hit \$1.9 billion ievels not seen since last March.

Bankers report that little new money is being committed to straight dollar bonds. The late-January flood of issues largely absorbed the pent-up cash that was waiting to be invested in that

sector, bankers say.

in addition, the market is vulnerable to a sell-off. Not all of the recent paper has been sold. That leaves underwriters, badly bruised last year, sitting on bonds that could be dumped if the outlook mins less favorable. The best that can be said for last week's four straight Eurodol-

See EUROBONDS, Page 13

Currency Rates

\$ 0.M. F.F. R.L. Gldr. B.F. S.F. Yes 3.365 1.1221 0.2326 0.1524 — 1.37 1.271 1.074 0 1222 20775 6.175 2.24 11.425 — 25.337 0.2742 1.211 1.3135 0.1182 — 2.081 0.182 0.182 0.265 1.781 1.221 1.3135 0.2762 2.7813 0.2865 2.7813 0.2865 2.781 0.2865 1.781 0.296 1.3135 0.296 1.7813 0.2865 1.7813 0.2865 1.7813 0.2865 1.7813 0.2865 1.7813 0.2865 1.7813 0.2865 1.7813 0.2865 1.7813 0.2865 1.7813 0.2865 1.7813 0.2865 Clashes in London. Tokyo and Zurich, histos in other centers. New York clashes roles.

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Sources: Induses Book (Erussels); Bonco Conserciale Hallon); Bonco Hallonde de Ports (Paris); Bonk of Tokyo (Tekyo); IMF (SDR); BAH (dinar, riyo), dirham); Gasbank (ruble), Other data from Rectan, and AP.

Last Week's Markets All figures are as of clase of trading Friday

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OPEC Output Slumps

Agency Cites Cuts By Gulf Nations, Price Differential

The Associated Press
PARIS — OPEC's oil production fell sharply last month, mainly because of cutbacks by the cartel's Guif exporters, the International Energy Agency said in a report released Monday.

The agency said oil companies had shown less interest in buying OPEC oil, reflecting a growing un-willingness to pay prices that are well above free-market levels.

The Organization of Petroleum Exporting Countries' official average price is \$18 a barrel, whereas crude oil is selling in the open mar-ket for about \$1.50 a barrel less.

OPEC production in January was 17 milion barrels a day, down from 18.3 million in December, according to the energy agency's monthly report. The Paris-based agency monitors world oil market developments oo bebalf of 21

Western governments.
All Gulf producers together pumped about 1 million barrels a day less in January than in Decem-

ber, it said.

The slackening of OPEC output appeared to indicate that oil companies were dipping into stockpiles they built up last fall when many OPEC members were exceeding their output quotas.

Last December, OPEC affirmed a ceiling of 15.06 million barrels a day, excluding Iraq. The agency said production by the 12 OPEC members other than Iraq slumped to 14.6 million barrels a day last month. Iraq's output was estimated at 2.4 million barrels a day.

Rilwann Lukman, the OPEC president and Nigeria's oil minister, said last week that he expected oil prices to rise soon as a result of drops in OPEC output. The biggest decline in January

was by the United Arab Emirates

to retain momentum in his bid for control of Societé Générale de Belgique, on Sunday raised his public offer for a further 15 percent

approval for the offer.
"Cerus made clear that it was oow indis-

pensable that the Banking Commission gives its go-ahead without further delay," the

It said that Cerus reserved the right to act

freely on all levels to realize its project if the Banking Commission failed to oblige. Cerus controls about 13 percent of Générale's new-

ly diluted share capital, or about 18.6 percent

Alain Minc, the chief executive at Cerus,

4,000 Belgian francs a share.

tement said.

Vuitton: Tapping a Yen for Prestige

By Nancy Beth Jackson and Charles D. Sherman

PARIS — A decade ago, Andre Sacau, oow president of Louis Vuitton Malletier, decided to hurdle Japanese trade barriers by appealing directly to the con-sumer. Today, the signature of the 100-year-old luggage compaoy is the ubiquitous badge of membership in Japan's image-and quality-conscious middle

class.
Sales are thriving, says Mr. Sacau, who points to an annual growth rate of 30 percent in Ja-

pan.
In 1987, Vintton sold the Japanese 501 million francs (\$88 million) in pricey plastic and leather wallets, bandbags, briefcases, checkbook folders and key holders, or 20 percent of the luggage division's total revenues. Profits last year in Japanese received to last year in Japan are expected to be between 70 million and 75 million francs, up from 54 million

On top of that, sales in the Pacific region, credited mainly to bargain-seeking Japanese tourists in Hong Kong, Guam, South Ko-rea and Singapore, have soared 80 percent, making the area Vuittoo's fastest-growing market.

In Paris, the company's flagship store on the Avenue Marceau, just off the Champs Elysées, ranks close behind the Eiffel Tower as a stop for visiting Japa-oese. Half of all foreign custom-ers at the shop are Japanese, company executives estimate.

It was the influx of Japanese at the Marceau store in the early 1970s that made Vuitton executives begin rethinking their Japanese sales strategy. At first, the executives regard-

ed the new clients in Paris as a curiosity: pilgrim consumers who, after buying a small item, would then record their visit with photographs of themselves and their shopping bags in front of Mr. Sacau, who was hired as a managing director in 1978, made

a priority of reinforcing Vuitton's image among the Japanese. Uotil then, Vuittoo had done little to attract Japanese interest

membership in Japan's image- and quality-conscious middle class. in their home country, limiting its effort to token wholesaling to Toyou must direct it yourself and

Its signature has become a badge of

kyo department stores, where Vintton goods were lumped on the shelves with other luxury items such as perfumes and cos-

The company convinced sever-al major Japanese department stores to set up specially designed boutiques that would carry only Vintton products. The stores still controlled retailing.

Between 1978 and 1981, Vuitton's sales in Japan oearly quadrupled: from a little over 1 bil-lion yen (\$7.8 million at current rates) a year to just under 4 bil-lion. But in Mr. Sacau's view, Vuittoo's Japan operations had to be independent, handling promotion and retail sales through wbolly-owned operations no matter where they were located.
"In the field of luxnry items

De Beneditti, Refusing to Give In, Raises Générale Offer

sell directly to the consumer," be said. "That means you're obliged As the contracts on the department store boutiques began to expire, Mr. Sacau established a

André Sacau, president of Louis Vuitton Malletier and the main author of its success in Japan.

Vuitton subsidiary in Japan. But how could the new company sur-vive with Japan's labyrinthine distribution system, with a middleman at every turn?

Vuitton simply ignored it. The subsidiary handles everything from importing to the manage-ment of individual shops. Vintion now controls retailing in its de-partment store bounques and also has opened two independent shops, the first in the middle of the fashionable Ginza shopping area. The company operates 15

Despite the rapid growth, the company did meet obstacles. An

initial problem was staff. "It is difficult for a new company to hire good people," Mr. Sacao said_"The Japanese like to have confidence in a company as they do in a product."

The Vnitton solution was to borrow everyooe from sales clerks to executives from cooperating enterprises and then convince them to stay with the oew operation, Louis Vintton Japan KK.

In a country renowned for its lifetime job guarantees, bright Japanese executives rarely jump off their career tracks—especially to move to a foreign company. But after two years and a good deal of inducement, many Japanese employees decided to stay on. The staff is entirely Japanese. English serves as the common language with the parent compaoy, but the Japanese employees have begun to speak French.

Mr. Sacau said Vnitton has passed along some of the benefits of the stronger yen to customers by lowering prices. But the 12

See VUITTON, Page 13

Murdoch Agrees to Sell Post

\$37 Million Deal Is Tied to Major Union Give-Backs

ompiled by Our Staff From Dispatches NEW YORK - Rupen Murdoch agreed Sunday 10 sell the New York Post to a property developer for \$37 million provided that unions at the newspaper agree to

major concessions. "I have today sold the New York Post," Mr. Muruocb said in a state-ment. He said it was the best decision for both the future of the newspaper and for the security of our work force and their families."

The buyer was identified as Peter S. Kalikow, 44, president of H.J. Kalikow & Co. He owns about a dozen buildings io Manhattan and has a fortune estimated at \$500 million, but he has no publishing

Howard Rubenstein, a spokes-man for both sides, said the purchase price of the newspaper was \$37 million. The sale is conditional on the

agreement of all the unions involved accepting a sweeping cost reduction plan." Mr. Rubensteio

Mr. Murdoch is under pressure to sell the Post because a Federal Communications Commission rule bars ownership of a oewspaper and a televisioo station in the same city. Mr. Murdoch also owns WNYW-TV in New York.

He faces a similar divestment choice in Boston, where be owns the Bostoo Herald and Channel 25. Mr. Murdoch said he decided to sell the paper, New York's oldest continuously published daily, to the bidder "most likely be able to give the post a further substantial lease on life."

Operating losses at the oewspaper have been estimated by analysts at \$17 million a year.

"If the cootingencies are not met," Mr. Rubenstein said, "Mr. Kalikow will be under no obligatioo to buy the Post." The FCC is barred, under a law

passed late last year, from extend-ing waivers that Mr. Murdoch has held since 1986. The oewspaper's staff was told

Results

Said oo Belgian television: "We are here for ages and ages. We have more money if it is retain momentum in his bid for control of retain momentum in his bid for control of the delay at its present plant for the delay at least three years.

In addition, Mr. Murdoch, who has not broken off talks with other prospective buyers, was said to have insisted on a 30-day period in which he could back out if be received a better offer.

George E. McDonald, president of the Allied Printing Trades Coundiscuss cuts to save the paper and

Mr. Murdoch, the owner of a

(Reuters, NYT, AP)

Legal Battle Is Seen Over Texas Air Move

Shuttle Purchase Pressures Unions

is bust up the airline." he said.

The machinists' contract with

Eastern expired at midnight

Dec. 31. The two sides have not

met in negotiations since Nov.

Since acquiring Eastern in 1986, Texas Air has laid off more

than 15 percent of Eastern's

Texas Air said it would pay

Eastern \$225 million, includ

Boston and Washington.

\$125 million in cash, for the

shuttle, which provides hourly flights between New York and

The sale requires federal regu-

latory approval. The unit will be

renamed the Air Shuttle.
Miami-based Eastern has al-

ready sold its computer reserva-tion system to Texas Air and has

applied for permission to let Continental Airlines operate

some of Eastern's valuable

routes to Latin America. The

reservation system had been

widely regarded as the main rea-

son that Texas Air had sought to

buy Eastern.
"First of all, it comes to my

mind that what Texas Air is do-

ing here is stripping Eastern of all its good assets and bringing

them into the parent corpora-tion," said Paul P. Karos of L.F.

Mr. Lorenzo is known for his

tough stand against unions. In

1983 he filed for bankuptcy pro-

tection for Continental Airlines.

which Texas Air had bought in

1981. He then repudiated union

contracts and rehired many of

the employees at much lower

wages, making Cootmental a

Rothschild Inc.

work force.

By Martha M. Hamilton and Frank Swoboda Washington Past Service

WASHINGTON - Texas Air Corp.'s decision to buy the profitable Eastern Air Shuttle from its Eastern Airlines subsidiary and run it as a separate unit appears certain to touch off a major legal battle with unions. Union officials and analysts

said the move appeared to be part of a pattern of removing profitable assets from Eastern and was designed to step up the pressure for wage concessions by the carrier's unions. Prank A. Lorenzo, Texas Air's

chairman, has warned repeatedly that Eastern's assets would be sold or transferred unless the union made concessions. Texas Air has been seeking

substantial cuts from the International Assocation of Machinists and Aerospace Workers, which represents about 13,000 of Eastern's 30,000 workers. Removing the shuttle would make Eastern less profitable and enable its management to present 2 stronger case for concessions.

The move, announced Friday,

came as Texas Air also announced massive fourth-quarter losses of \$265.6 million. Texas Air is also the parent of Continental Airlines. Jack Bavis, chairman of the

pilot's union at Eastern, called the sale an "outrage" and said it would not go unchallenged. Charles Bryan, head of the Eastern's machinists local, said

he had expected the announce-

stake in Belgium's largest company.

Compagnic Europeennes Reunics, or Cerus, Mr. de Benedetti's French bolding company, said in a statement that it bad raised its offer by 600 Belgian francs (\$17) to refrain from such transactions. The move follows a controversial recordbreaking buying spree oo Tuesday by the Mr. de Benedetti, the chief executive of French group Compagnie Financière de

This appeared to be a thinly veiled threat

Suez, which purchased a 10 percent stake Italy's Olivetti SpA, also served notice to the Belgian Banking Commission that he would Mr. de Benedetu filed suit oo Thursday alleging those transactions were illegal.

Together with three French allies — the not accept any further delay in obtaining

investment bank Lazard Frères & Compagnie, the industrial giant Compagnie Générale d'Electricité and the water utility Lyonnaise des Eaux SA, Suez is believed to control nearly 20 percent in Société Géoérale. The board of Société Générale, a sprawi-

ing conglomerate which dominates key sectors of Belgium's economy, bas welcomed Suez's move since its 43 percent capital increase - designed to thwart Mr. de Benedetti's bostile bid — ran into legal difficulties.

iog rights. The Banking Commission oo Tuesday deto resume purchases of Societe Generale layed its decision oo Mr. de Benedetti's pubshares on and off the bourse despite a recommendation by the Banking Commission that lic offer until the voting rights issue was all parties involved in the takeover battle resolved in the courts.

Suez took advantage of the delay and stepped in as a "white knight" the same night, buying more than 4 million shares for as much as 4,000 francs each. The move led to intensified contacts be-

tween Mr. de Benedetti and André Leyson, the chairman of the Belgian holding compaoy, Gevaert NV who leads a consortium with an option to buy 10 million of the oew shares in Société Générale on condition that their voting rights are restored.

Mr. Leysen shares Mr. de Benedetti's vi-

sion of making "la Générale" a pan-European holding company ready to eash in on the free internal market the European Community plans to establish by 1992. But he has pledged to keep control of the

166-year-old company in Belgium. After a two-hour meeting at a West Ger-

lead to a definitive solution." According to banking sources in Paris, Mr. de Benedetti has already sought support

from the French financial group. Compagnie Financière de Paribas, a Suez rival that indirectly holds a large stake in Gevaert. Paribas is also believed to be a member of the Gevaert group and analysts said say its

entry into the open battle could herald a major shakeup in the French business world itself.

cil, an umbrella group of newspalo heetic Friday trading, Générale's stock
per unions, said that the labor leadprice reached 4,000 francs a share before the
ers were "certainly willing" to shakeup in the French business world itself. Brussels bourse officially opened, but closed at 3,750 francs, 100 below Thursday's finish.

at 3,750 francs, 100 below Thursday's finish.

Tradiog in Générale's shares has hit record levels this week, including Tuesday,

the Post's biggest union, the Newswhen 4 million shares, or 14 percent, of its paper Guild, said the buyer should stock changed hands in the extremely unusu- oot expect the unions to agree to al after-hours trading. On Wednesday, 2 mil- major give-backs. lion shares traded on the bourse, and the price rose 7.5 percent, as investors, betting worldwide publishing empire, that the bidding war would push prices even higher, sought to buy in On Thursday, prices 1976 for about \$30 million. rose another 7.2 percent.

Congress Is Divided on Pace of Stocks Reform The refusal last week by Alan latory system, said he feared that regulators a series of deadlines for WASHINGTON - While Greenspan, the Fed's chairman, to the veto power held by competing achieving more coordination. members of Congress investigating become an overarching regulator interest groups could kill hope for October's stock market debacle appears to have killed Mr. Brady's restructuring.

seem to agree on broad issues, there recommendation.

If the start was better the start was b

form is needed, others believe hasty trading of stock index futures be tinkering could harm a basically gan. sound market system.

Four days of hearings last week Committees in both houses, which by the Senate Banking Committee provided a good preview of the debate to come.

technology has inextricably linked Committee in the House. the New York stock market with the Chicago fotures market, and fear that if the SEC regulated both the U.S. markets with markets in markets, it would side with the Europe and Asia. Market move-stock exchanges in any conflict. ments that once took weeks to play out can now happen in hours or even minutes.

Thus, listeners agreed, there must be more coordination among nism to provide for better commuthe exchanges and among U.S. reg-nication and cooperation. There is ulators, the Securities and Exchange Commission, the Commod- from Republicans on the Senate ity Futures Trading Commission committee, for waiting to see what and the Federal Reserve Board, the exchanges can work out among and eventually international coordination.

But the argument is over how to Republican of New York; Alan J. achieve those goals.

mire, a Democrat of Wisconsin, and Senator Donald W. Riegle Jr., "more direct, centralized account- looser.

by a former New Jersey senator, one agency fear that a jurisdiction-Nicholas F. Brady, recommends al fight could derail even the regiving the Federal Reserve Board forms that everyone can agree on.
Schat role The SEC says it not the Senator Timothy E. Wirth, a that role. The SEC says it, not the Fed, should regulate stocks and Democrat of Colorado, a strong stock-related futures.

the CFTC, a fight the commodities Although some say urgent re- commission won in 1981 when

Members of the Agriculture oversee the CFTC, do not want the agency to cede any jurisdiction to the SEC, which is overseen by the There is general agreement that Banking Committee in the Senate computer and telecommunications and the Energy and Commerce

Officials of futures exchanges The futures exchanges and the commodities commission are re-

sisting any restructuring greater than some sort of formal mechasubstantial sentiment, particularly themselves. Senators Alfonse M. D'Amato, a

Dixon, Democrat of Illinois, and The chairman of the Senate Phil Gramm, Republican of Texas, Banking Committee, William Prox- have been among the most vocal of those urging caution.

Mr. Gramm says that Congress a Democrat of Michigan, chairman should be careful not kill the goose of the securities subcommittee, are that laid the golden egg, causing it pushing for what Mr. Riegle called to fly overseas where regulation is

A presidential task force headed vor concentrating more power in proponent of a more unified regu-

structuring.

the exchanges and regulatory agenHe proposed that Congress enact
cles to submit proposals for legislasome sort of "phased mechanism" that would give the exchanges and

However, Mr. Proxmire asked

See STOCKS, Page 15

International Standards Needed, Some Analysts Say

LONDON - As financial centers around the world prepare individual reports on October's stock market collapse, analysts and officials say that in the long term, more closely coordinated international standards are occded

Some countries are debating major changes such as "circuit breakers" to limit share price movements, while others are content with their present system. But the president of the Swiss National Bank, Pierre Languetin,

said that closer international ties between markets demanded a wider approach to their cootrol than merely national regulation. "I have some doubts about the ability of market participants to regulate themselves in a world where new financial instruments massive takeovers, junk bonds - have only a remote connection with the real occds of economies and are simply toys to make money

in speculators' hands," he said. Dennis Coleman, a managing director at Wall Street brokers Bear. Stearns & Co. said that, while many financiers were concerned about excess volatility, some wondered whether it was possible to legislate volatility out of the markets.

Meanwhile, a report by the London Stock Exchange oo the London markets' performance during the crash is due out on Wednesday. Stock exchange sources said it is unlikely to call for profound changes, such as limits on share-price movements.

The chairman of the exchange, Sir Nicholas Goodison, has said

such measures are not appropriate in London, with its system of continuous, competitive screen-based quotations of share prices. But government officials have suggested they were informally reviewing international experience with such measures.

Tokvo already has rules to keep share prices from moving too fast, limiting individual stock prices to daily rises or falls of between 15 percent and 17 percent. A Tokyo Stock Exchange official said Tokyo has oo plans for further restrictions.

In Paris, trading is already temporarily suspended if a stock price moves excessively, but there is no fixed limit. A government study of regulation of the Paris Bourse is due at the end of this month.

Weekly International Bond Prices

Provided by Credit Suisse First Boston Securities, London, Tel : 01 323 11 30 Prices may vary according to market conditions and other factors. **Bollar Straights** 8.62 9.16 8.58 8.75 9.16

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Wall Street Review

NYSE Soles **NYSE Diaries**

AMEX Sales AMEX Diaries

Fixed Income and Equities Trading for dealing prices call: Westdeutsche Landesbank, Head Office, P.O. Box 1128, 4000 Düsseldorf 1 International Bond Trading and Sales: Telephone (211) 828 31 22/8 28 37 41 Telex 8 581 881/8 581 882

Westdeutsche Landesbank, 41. Moorgate, London EC2R 6AE/UK Telephone (1) 638 6141, Telex 887 984 WestLB International S.A., 32-34, boulevard Grands-Duchesse Charlotte uxembourg, Telephons (352) 447 41-43, Telsk 1678 Westdeutsche Landesbank, 8A Tower, 38th Floor, 12 Hercourt Road Hong Kong, Telephone (5) 8 42 02 88, Telex 75 142 HX

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William Safire HINGTON - Why corge Bush conscient of conscient of the press for datus?

Why does he respectively to the press for datus?

Luestion, or by hiding beginners of datus? answered everything b Dole keeps ren stions just won't go are all with a single, draws ise it is not that easy, and is g the inherent contradictor ory may be impossible the second to deal with the second to deal with the second this imprisonment.

us assume for argument at the CIA chief at the Re Casey, discussed with sident, who is a former of the vexing problem for cellingence a few years ago a of the CIA station che William Buckley. concern here went beg ssion. Honor among spot o involved: The world or a nation to strain to pain stured agents with trains /-- Moreover, our man was be av 1 to extract from his ; of our entire network at the East, so getting him out to of national security.

us assume further that the ling with Iran, put forward nal security aides, Robdane and John Poindens nched in stark terms of ac stages. In the real world, p nd to slip around such is this could be presented f dealing with influential in ries, not as paying tauson tual terrorist kidnappers.

d so the colossal misjude ich Mr. Bush was probabi i, went ahead. When prese motings had to be used: ar came up before the Name ity Council, where the some state and defense were dis-

eret. At one meeting at len: 7, 1986, they expressed asset and strong disagreement nat did the vice president of s a legitimate question wir would be president, and all ants have been released by an to say what was advised ie former defense secretary; Weinberger, is saying nothin arrass Mr. Bush. Secretary -: George Shultz, however, &c. tell the truth from the sun ills that the vice president that the secretaries of state nse were outspoken in on and that "my impression the others had a dillou Ow we come to what make ming so difficult for Mr. But te hostage of his past statute. le thought it would be sale #: irst only that he "supported adent's decision," but the intimated that he went to a it afterward, not before hen be said that he "cape givings," to give the impressed been sort of on the side of osing the deal; in fact, it may ling through the Israelis lis third line of defense val huded from key meetings at sumably he would have de-

t the key reservation was a was "out of the loop," delite direction of events. My for ince to see the picture is ! if in't come until December if en the whole world ince. Another approach cant at alled his feelings about the ed station chief, but the man it with the out-of the loop of Put yourself in George I oes oow. You cannot so bed say what you have sad us mitting "cover-up, so that ou cannot wholly rely on you. emory about what you said as gs, because in real life post-rget, and contradictory day Merial may yet surface of the court to go to jail may see the remembering otherwise. Admit that you were in a consistency of the consist

That leaves you blasting the reaction of confidentially it struction of confidentially it is struction of confidentially it is struction of confidentially it is struction. issions between the present ce president when soft breach that confidentially did him privately. Dotte Which is why George had ge to past evasions, is and ugh it out. That's all he cash. The New York Times YEARS AGO

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New International Bond Issues

Issuer	Amount (millions)	Mat	Coup %	Price	Price end week	Terms
ROATING RATE NO	TES			. :		
Fighter	\$ 60	1993	0.24	100,10	_	Over 6-month Libor. Noncollable. Fees 0.15%. Denominations \$100,000.
Jewei W	\$150	_1993	023	100.10		Over 6-month Libor, Noncolloble, Fees 0.13%, Descriptions \$106,000.
FDCED-COLPON						
Conse Notionale des Télécommunications	\$160	. 1993	81/2	1011	100.15	Nocicaloble. Fees 1%%.
Dutch State Mines	\$100	1991	- 8%	10114		Noncolloble, Fees 136%.
New Zealand	\$760	1993	- 81/2	10136	99.50	Nancofoble. Fees 1%%. Desaminations \$10,000.
oyola Motor Finance	\$200	1991	. 8.	101%	99.88	Noncolloble, Fees 1%%.
(Valia	DM 250	1993	. 51/4	100%	98.88	Noncolloble, Fees 2%.
Cammonwealth Bank Australia	£.50	1993	9%	101%	98,00	Noncollobie. Fees 1%%.
Morks & Spencer Finance	£150	1993	994	101%	99,38	Noncollable, Fees 17/%.
Woolwich Equitable Building Society	£ 50	1993	10%	101%	99.75	Noncellable, Fees 197%.
Notionale	DF 150	. 1993	5%	1001/2	99.25	Noncollable, Fees 11/%.
hvesteringsbank Crédit Local de	C3 75	1995	1016	10134	99.00	Noncollable, Fees 1%%
rance CAECL General Trustop of	C\$ 75	1993	10%	101%	99.38	Noncollable, Fees 13/5.
anada				١		Proncotoble, reas 190%
BM Ganada	Cs 200	1993	9%	100%	98.88	Noncolloble. Fees 1%%.
Nontreal Trustos	C\$ 75	1993	10 -	1011/4	99.25	Noncollable. Fees 175%.
Desterreichische Kontrollbank	CS 100	1993	9%	101%	100.15	Noncollable. Feet 1%%.
IP Copital	Am\$ 75	1992	12%	1011/4	99,25	Noncollable, Fees 192%,
Compagnie Bancaire	Acci 50	. 1993	13%	101%	99.63	Noncolloble, Fees 2%.
ord Credit Australia	Aus 50	1993	13 ·	1011/2	99.63	Noncollable, Fees 2%.
Société Générale	Aus 75	1992	13	101%	99.88	Noncofiable, Fees 1%%.
Toronto Dominion Australia	Aus\$ 50	1992	13	101%	99.88	Noncollable. Fees 196%.
Australian elegorimunications commission	¥10,000	1998	5%	1011/4	99.25	Nonçoliable. Fees 2%.
GUITY-LINKED			·			-
Dai-Ichi Seryaku	\$150	1993	open	100	108.50	Coupon indicated at 5%. Noncollable, Each \$5,000 note with a succession into company's shores at an expedit 25% premium, Fee 25%. Terms to be set Feb. 9.
Down Fire & Morme Insurance	\$70	1993	open	100	104.00	Coupon indicated at 5%. Nancafiable, Each \$5,000 note we one warrant exercisable into company's shares at an expaced 21/5% premum. Fees 21/5%. Tarms to be set Feb. 9.
Vitsui Petrochemical Industries	\$150	1993	open	100	110.00	Coupon indicated at 5%. Noncotloble, Each \$5,000 nore wit one warrant exerciscible into company's shares at an expec ed 24/% premium. Fees 25/%, Terms to be set Feb. 9.
Nonkai Electric Railway	\$100	1993	5	1,00	102.00	Noncollable, Each \$5,000 note with one womant exercisals into company's shares at 1,363 yes per share and at 128.5 yes per dollar, Fees 214%.
Vishi-Nippon Bank	\$70	2003	open	100	97.50	Sensionnual coupon indicated at 29%, Noncollable, Conver- ble at an expected 5% premium. Fees 25%. Terms to be a Feb. 10,
Vissan Motor	\$500	1993	5	100	104.00	Mancollable, Eigh \$10,000 note with one warrant exerci- able into company's shares at 790 year per share and a 128,95 year per dallar, Fees 25%.
Osaka Gas	\$100	1993	43%	100	105.50	Noncollable. Each \$5,000 note with one womant exercisable into company's shares at 552 year per share and at 129.3 year per dallar, Fees 2975.
ihimodzu	\$120	1993	4%	100	104.00	Noncellable, Each \$5,000 note with one worrant exercischi into company's stores of 1,118 yen per store and at 129.4 yen per dallar, Fees 296%.
umrtomo Metal Aining	\$1,50.	J993_	-5	100		Moncollable. Eigh \$5,000 note with one worrant exercisable line company's shares at 1,333 yen per share and at 129.6 yen per dollar. Fees 2474.
okai Electrical Construction	\$70 .	1993	open	100		Coupon indicated at 5%. Noncolloble. Each \$5,000 note with one warrust transcisable into company a shares at on expected 25% premium. Fines 25%. Terms to be set Feb. 10.
oyo Wharf & Varehouse	\$ 50	1993	open	100	102.25	Coupon indicated at 5%. Nancallable. Each \$5,000 note wit one warrant exercisable into company's shares of on expect ad 21/5% premium. Fore 21/5%. Terms to be set Feb. 9.
Sehiel Construction	0470	1663	No. of	100	101.75	

EUROBONDS: Rate Fears Make the Market Manic Fed Will Look for Clear Signs on Economy

DM70 1994 open 100

(Continued from first finance page) lar issues is that they ended the week trading within the underwrit-ing fees. But that was largely thanks to the market rally following release of the employment data. Nevertheless, two issues were well received: Triple-A rated Caisse Nationale des Télécommunications's \$160 million of five-year paper offered, less the commisns, to yield 67 basis points over

Nichiei Construction

Treasuries; and governmentowned (but not guaranteed) Dutch State Mines, whose \$100 million of three-year notes were priced to yield 80 basis points over the base rate. A basis point equals one-hun-

By Carl Gewirtz

when Eastman Kodak Co. came to

seen whether bankers are correct in may be issued to replace drawing

points over comparably dated U.S.
Treasury paper and was mostly placed with Japanese investors.
Double-A New Zealand had a less

The week still trading at a premium of 10A, compared with the 107 prior to the coupon setting.

Double-A New Zealand had a less

One of the hottest issues is the

The Fed is more likely

In contrast to the limited de-mand for straight Eurodollar will be fixed at 4% percent when bonds, the market for dollar bonds the final terms are set Tuesday. bearing warrants to purchase shares in Japanese companies was quite buoyant. So bnoyant, in fact, that coupon levels were cut from the 5 percent that had been indicat-

Leading the rate cuts was Shisions, was priced to yield 54 basis

101.75 Semiannual coupon indicated at 197%. Redeemable at 110 in

1993. Convertible of on expected 9% premium. Fees 294%. Terms to be set Feb. 9.

One of the hottest issues is the Double-A New Zeamno pass a seasy time being placed as it was priced to yield 75 basis points over maceutical company whose \$150 million, five-year notes ended the million, five-year notes ended the week trading at a when-issued price the final terms are set Tuesday.

However, bankers do not expect to see a replay of the competitive coupon cuts that helped to damage this sector of the bond market last year. They note, for example, that Nissan Motor held its coupon at 5 percent. This reflected both the

with international investors.

dredth of a percentage point.

Toyota's \$200 million of threeyear notes, less the full commispaper at par bearing a coupon of industry is not a current favorite paper at par bearing a coupon of 4% percent. Nevertheless, it ended

Loan Fees Aren't Rising, Banks Find

nme of business arranged in the fee for placing that paper. ster) and international credit market this "What can 1 say?" asked one Canada. Union will also increase already appears loan charges were destined to rise.

of Spain's largest electric utility to be wildly optimistic.

This was made clear last week INTERNATIONAL CREDIT ment Bank to a \$200 million, eight-

needed to finance its takeover of ness banks ought to be making and front-end fees ranging up to 20 Sterling Drug Inc.

money on Banks are obviously basis points. Takeover financing, bankers had starved for assets.

Chase noted that this is the first been predicting, would be the real-the profitable business. The large that many former heavy borrowers, money facility for Fenosa since the profitable business.

the need for speed and discretion also in Europe, are either running were seen making the question of down their exposure to the banks In the French market, bankers cost almost irrelevant, opening the or not increasing their net indebtway for banks to charge what they coiness. gory is Greece, which is seeking to loaded up on participations and are Not so. As Kodak demonstrated,

quality borrowers continue to demand and command very fine
mand and command very fine
mand terms.

Although there was no official
confirmation of the conditions,
there will be no increase this year in

Compagnie Française de l'Afrimarket sources reported that the its net debt.

or 0.5 percentage point, and a eight years, carried an evenly dividend in million francs. As is usual, there is drawing charge of 10 basis points of split margin of 1/2 to 1/2 percent an option to extend the life two over the London interbank offered age point over Libor. In the current years. rate for the first year and 12½ basis loan, the ½ point element runs for The annual facility fee is 6 basis

was intense bidding among banks The 11 banks mandated to arinterbank rate, or Pibor, for drawto win the mandate to arrange the range the loan include two Amerings in francs or 6 basis points over nonneed it will sell \$3 billion in credit. Bankers Trust won, Kodak cans (Chase Manhattan, First Chi- Libor for foreign currency borrowreportedly is paying no fees to the cago), four Japanese (Dai-Ichi ings.

banks, but in lieu of that, Bankers Kangyo, Bank of Tokyo. Fuji and International Herald Tribate

Trust has been named as dealer for Sumitomo), two from the Mideast PARIS — While it remains to be the sale of commercial paper that (Arab Banking Corp. and Gulf International Bank), two Europeans forecasting an increase in the vol- on the loan. The bank would carn a (Dresdner and National Westminster) and Orion Royal Bank of

Unión Electrica-Fenosa SA, one vear loan. Fenosa will pay % point the market to borrow \$5 billion. This is obviously the sort of busi- over Libor to draw on the credit

mounts of cash to be raised and particularly in Southeast Asia but 1984. Since then it has prepaid \$1.2 hillion of its foreign currency debt. report that it is becoming increas-

ingly difficult to syndicate multi-The latest entrant into this cate-option facilities, as banks have

Compagnie Française de l'Afrique Occidentale, a trading compathree-year credit would carry an The terms reflect this changed my, appointed Credit Lyonnais to annual facility fee of 5 basis points, status. The last borrowing, also for arrange a a five-year facility of 750

points for the final two years.

six years, rising to % point in the points and the drawing charge is set at 12% basis points over the Paris

Soviet Official Cites Progress in Joint Ventures

Economic Relations, is a major figure in Moscow's drive to open the Soviet economy to foreign trade and investment. Last week he gave a progress report to the World Economic Forum in Davos, Switzerland, where he talked to Reginald Dale, economics correspondent for the International Herald Tribune.

Q. Western companies still appear to be slow to respond to your invitation to set up joint ventures with Soviet enterprises. Do they need further inducements?

A. It is up to every company to judge to what extent it is interested in entering our market and operating in the Soviet Union. From our point of view, we have enacted legislation that creates a balance between guarantees and incentives to foreign compa-nies and benefits for the Soviet Union. We have recently amended that legislation to make it more flexible.

tures are not adequate or sufficient. But we have had enough offers.

Q. How many offers have you had? A. We have had more than 260 offers, which is quite enough for the moment. Anproximately 50 percent of those offers may fit our requirements.

We have now signed more than 40 declarations of intent with foreign partners. And framework legislation, which leaves a lot to we have established 18 joint ventures with be decided by the partners.

Ivan Ivanor, vice chairman of the companies from West Germany, Italy, Soviet State Commission for Foreign France, Japan, Sweden, Finland, the United States, Canada, India and Switzerland.

> Q. What sort of items will these joint ventures produce?

A. The products range from consumer goods, such as shoes and women's dresses, to petrochemicals, machinery and fertilizers.

MONDAY O&A O. How have you made the legislation

more flexible?

A. We have taken a number of steps including decentralizing authority for setting up certain joint ventures and relaxing the rule requiring that profits can only be repatriated up to an amount equivalent to the joint venture's foreign currency earn-

Now, if there is not enough foreign currency to cover the remittance of profits, the foreign partners may spend part of the profits in the Soviet Union to buy any product I can agree that some corporations per-haps still feel that the benefits of joint yen-profits both in hard currency and in kind. And while operating in the Soviet Union, the joint venture may use both rubles and other agreed currencies.

Q. Are you weighing further changes?

A. We can't amend our legislation every year. We prefer to create a stable and predictable environment for foreign investment in our country. Our law is, in any case,

Q. How do you respond to complaints by Western companies that they are still frustrated by excessive bureaucracy in their dealings with the Soviet Union?

A. I have heard this accusation for many years. I think we have made progress in simplifying the process of decision-taking in the area of foreign trade. For example, we have reduced personnel in the Ministry of Foreign Trade by 30 percent over the past year, and there will be a further 20 percent cut as the ministry is merged with the Commission for Foreign Economic Relations. These staff cuts are being decided on the basis of people's efficiency, not their politi-

Q. One of the most important reasons given for the joint ventures is to acquire advanced technology from the West. How do you feel about the export controls on sensitive technology imposed by the Parisbased COCOM organization (Coordinating Committee for Multilateral Export Controls, composed of the NATO countries minus loeland, plus Japan), which the United States is constantly trying to strengthen?

A. They are a barrier to our acquiring advanced technology and a range of prod-ucts from the West. The COCOM list of restricted products is not properly justified as it covers dual-purpose items, which can be used both for civil and military purposes. With the progress of technology, more and

more goods are in this category.

We have many products for export that are included in the COCOM list. But we

don't care how our titanium, for example, is used when we sell it abroad. Of course, this is a matter for the COCOM countries. But we would be glad of (a) stability and (b) transparency. Right now we have neither. The list is neither publicly available nor

predictable. Our strategic line in this area is to make our country stronger in terms of technological progress. If we succeed, in a few years the COCOM list will become absolete, and Western countries will be interested in buying our technology.

Q. More generally, how is the restructur-ing of the Soviet economy coming along? A. It is generally proceeding according to schedule. But we still have some problems to solve and they are major ones. I am thinking of price reform and the promotion of contracts for wholesale trade between enterprises, rather than through government orders.

The whole concept of price reform is still under discussion, but it must be decided by next year, because we want to include the new prices in the next five-year plan. The current system is based on 20-year-old prices, which must be updated to reflect the real cost of production.

Q. How do you react to Western skepócism about your aim of making the ruble convertible into other currencies by the second half of the 1990s?

A. I still think it is realistic to aim for full convertibility of the ruble by the end of the

AT&T, in Turnabout, Outperforms 'Baby Bells'

By Phillip H. Wiggins New York Times Service

phone & Telegraph Co., the origi-nal "Ma Bell," is now outperform-varied strategies of diversification. ing the seven operating companies formed by its 1984 breakup.

AT&T moved from a loss of more lande Corp. and Nynex Corp. are than \$1 billion in the last quarter of becoming major players in the 1986 to a profit of \$498 million in computer hardware retailing busithe fourth quarter of 1987.

For their part, the seven "Baby AT&T's profits were bolstered carnings growth.

Six of the seven chalked up inand from 3 percent to 9.3 percent ments for long-term for the full year. Only Pacific Telesis Group, which was hurt by exquarter and the year.

Baby Bells appears to be one of forther conservative earnings reached its overall earnings goals in using top hats and crinolines led to growth, analysts believe that investhe stability these utilities repre-time.

panies have been favorably posi- dia Inc. earnings and cash flows."

ly to act quickly to cut some inter- said.

While some economists see the

committee voting in ease credit

right away, others predict that the

They are going to be a little bit

careful just yet," said Martin Rega-lia, director of research and eco-

nomics for the National Council of

acts too quickly to lower interest rates without clear signs of an eco-

nomie slowdown, it could mean

"It could drop very sharply," he

On the other hand, if signs of a

sharp slowdown in growth develop,

the Fed will still have enough time

to act to avoid recession, he said.

mist with Fidelity Bank in Phila-delphia, predicted that the Fed

Shell Weighs Bid

For Texaco Assets

president of Shell Oil Co., says

Shell may be interested in acquir-

ing some Texaco Inc. assets if they

fit into Shell's long-term strategy of

developing its offshore reserves and its enhanced oil recovery oper-

We're always interested in ac-

quiring assets that other companies

are prepared to dispose of if, in our

opinion, they fit our strategy and

we can make more out of them, Mr.

Mr. Bookout ruled out any hos-

tile takeover attempts of Texaco, which is in the midst of a bankrupt-

cy restructuring after a court battle with Pennzoil Co. Texaco has an-

Bookout said late Friday.

in oil reserves.

But Mickey Levy, senior econo-

problems for the dollar, Mr. Rega-

If the Fed, the U.S. central bank,

Savines Institutions.

and Wednesday.

Federal Communications Commis-NEW YORK — American Tele-had forced the managements of the hone & Telegraph Co., the origi-Bell operating companies to pursue turing.

For example, BellSouth Corp. recently bid for Mobile Communi-Bunyed by strong long-distance cations Corp. to expand its cellurevenue and major cost cuts, lar-phone operations. Both Bell At-

Bells" continue to show moderate, by cost savings that the company but consistent and predictable, estimated had totaled more than \$1 billion in 1987.

Nynex, which serves most phone creases of 4.8 percent to 23.8 per-users to New York and New Encent for the fourth quarter of 1987 gland, said that substantial investments for long-term growth slowed BellSouth said its 1987 results

traordinary charges, showed de-reflected the one-time expenses of clines in earnings for both the an early retirement program, as well as continuing increased depre-Although the prognosis for the ciation expenses. US West Inc. said that it oot only soo whose apprenticeship in pack-

tors will continue to be attracted by tions were profitable for the first own shop. The firm's first overseas Southwestern Bell said that its to 1885.

arnings were held down to a cer
"The Japanese like an old Joseph Batnpaglia, a telecom- carnings were held down to a cer-

tioned by judicial fiat to control

Ameritech Corp. said its revenue
regional communications, data growth was bolstered by such untransmission and on-premises serregulated operations as its publish-

vices, which have translated into a ing cellular and credit subsidiaries. constant level of rising revenues, Ameritech's earnings were restated arnings and cash flows." for a 3-for-2 stock split effective He added, however, that the Dec. 31, 1986.

est rates if they consider that the A stable dollar gives the Fed from around 6.5 percent, Mr. Levy economy shows clear signs of fal-more flexibility to lower interest said. The Fed influences that rate

and not just for political reasons."

The Reagan administration.

Reagan administration officials

have been making it clear that they

would welcome an easing of credit

by the Fed now that recent eco-

nomic data point to a slowing of

growth in the first part of the year.

Council of Economic Advisers,

Beryl W. Sprinkel, has suggested

that the Federal Reserve is keeping

too oght a rein on money supply

and that lower interest rates would

He said last week that growth in

the money supply has been below the Fed's own targets and said the administration's forecast of 2.4

percent growth in 1988 depended

on the Fed meeting those targets.

Interest rates fell when the Fed

eased the money supply after the Oct. 19 stock market collanse. But

since then the central bank has held

Even if the Fed does choose to

ease, economists said it is unlikely

to cut its discount rate, the interest

steady on monetary policy.

help the economy.

The chairman of the president's

which had overseen five years of

The U.S. Federal Reserve's policy-making Federal Open Market
Committee is due to meet Tuesday

Tates, he said.

The cost of a recession at this error
stage would be very high," he said.

Tis important to avoid a recession

members will hold steady until continuous economic expansion, is

there is more conclusive evidence particularly anxious to avoid a re-

CHICAGO - John F. Bookout, rate it charges banks for loans.

about the state of the U.S. econo- cessinn in this election year.

Pacific Telesis said its earnings sion's restrictions on technology were sharply curtailed by a phone-transfers and limited new markets rate decision, an early retirement of the Middle Atlantic States and

still make the Viritton products

ferings in Japan's gift-giving sys-

VUITTON: Tapping Japan's Yen (Continued from first finance page) difficult to crack the Japanese mar-

percent duties charged on the ket. The Japanese admire Ameri-goods and other distribution costs ca," he contends. For his efforts, Mr. Sacau was cheaper to buy in other Pacifie Ba-made president of the Vintton's sin countries, where they sell for as luggage division in 1986. In Octomuch as 40 percent under prices in ber, be was moved up to director-Japan. Japanese travelers load up general of the Louis Vintton group, for themselves and as prestige ofwhich now includes Givenchy perfumes and Verve-Cliquot champagnes.

Selling in Japan is easier when a Despite the phenomenal growth company has strong image and a rates, challenges remain in Japan. long history, said Mr. Sacan, who The next question is whether the The next question is whether the came to Vintion after a career resuccess with luggage and handbags tailing maternity clothes and lay-ettes.

Can rub off the champagnes, co-gnacs and perfumes of LVMH Vuitton's own story began in Vuitton's own story began in Moët Hennessey Louis Vuitton, 1854 with Louis Vuitton, a miller's created last year when the cham-

pagne and leather goods companies merged. A bigger challenge may be Vintton's marketing campaign for a new line of all leather articles. So branch was established in London far, leather goods make up only

about 8 percent of sales in Japan. munications analyst at Gruntal & tain extent by the cost of acquiring name," Mr. Sacau said. While he Mr. Sacau hopes to push the figure Co., said: "The Bell operating com- certain properties from Metrome- has relied heavily on Vuitton's to 20 percent. He admits marketing the lin company's quality image, be acknowledged that pure quality is not enough to assure entry into the Japcause the familiar printed logo, the

anese market. has been replaced by an embossed "You must have been a success in signia, making the product's oriin America. That's compulsory begin less evident. "I think it's too
cause if you have not, it is very discreet," Mr. Sacan said.

GM Pledges Stable Prices For Rest of '88

SAN FRANCISCO General Motors Corp. says it will not raise car or truck prices for the rest of the 1988 model year

GM's chairman, Roger B. Smith, made the announcement at the convention of the National Antomobile Dealers Association in San Francisco on Saturday.

Traditionally, antomakers raise prices on April 1, on top of price increases amounced when the model year begins in October. In past years, GM has frozen prices on some cars but increased them on others.

GM has seen its share of the U.S. car market drop to around 38 percent in the past two years from about 46 percent in 1985.

Although GM and other automakers recorded strong sales to January, analysts predict industry sales in 1988 will fall by about 1 million units from 1987, when 15 million cars and trucks were sold in the United States.

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CONTINENTAL AMERICAN

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Bitter Corp. Chiron Gold, Glary USA Inc. 3 U.S. Consumer Rates GoodWark Food

night loans, to about 6.25 percent

directly by buying or selling gov-

British Airways PLC said Sun-

day that it would take delivery of all 10 A-320 aircraft on order

from the European Airbus In-

dustrie consortium despite a

dispute over fuel consumption.

King, said after a meeting of the BA board in Bahrain that

the first A-320 would be in use

by mid-March, but added that

be expected Airbus to improve

BA inherited the \$340 mil-

tion Airbus order as part of a

£250 million (\$425 million)

takeover of British Caledonian

Airways PLC, a major carrier

in the Gulf region.
But last week Lord King said.

BA would demand compensa-

tion because tests showed that

the A-320 used 9 percent more

Airbus rejected the criticism.

fuel than expected.

The airline's chairman, Lord

BA to Take

The cost of a recession at this ernment securities in the open mar-

Tax Exempt Bands Band Buver 29-Bond Index Money Market Funds Donophue's 7-Day Average 45% Bank Money Market Accounts Bank Rate Monitor Index would vote to ease. "Almost all of The Fed is more likely to lower Home Mortgage, FHLB average WASHINGTON - U.S. central the indicators point to a severe the Fed funds rate, the interest Source : New York Times. bankers meeting this week are like- weakening in the economy," he banks charge each other for over-

Treasury Bonds

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Airbus A-320s Despite Dispute MANAMA, Bahrain -

MAG Holdings These are indicative market prices

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Judgment delivered on June 22, 1987

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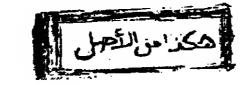
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NASDAO National Market

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للكذامن الاجل



BUY: Americans Are Spending Their Way Into More Taxes, Some Experts Believe

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There is also a growing perception

of the early and mid-1970s are be-yord the nation's reach now," said Lester Thurow of the Massachusetts

Lester Thurow of the Massachusetts
Institute of Technology.

Evidence is piling up to support that view. Recent studies show that view. Recent studies show that Americans motivation to save for a rainy day has been increasingly undernmed by such amenities as rising retirement benefits, improved disability insurance, easy credit, Medicare and even the cash payouts that have some to teos of thousands that have gone to tens of thousands of stareholders in corporate take-overs and stock baybacks.

Perhaps more alarming is that efforts to encourage Americans to save more — such as the introduction of tax-deferred retirement socounts - seem to have had little

. If economists are right that the private sector cannot save enough, the alternative is for the government to take on the job by raising taxes. Raising taxes would, in effect, be

a compulsory form of national sty-ings, taking out of everyone's pock-ets money that might otherwise be spent on private consumption.

spent on private consumption.

"More tax revenue is the easiest way to get it," said Joseph Pechnan, a tax expert at the Brookings Institution, stating a view held by many economists. The only question is what type of tax to enact."

Although the White House and most of the presidential candidates oppose tax increases, the case for some kind of consumption tax seems to be gaining momentum.

seems to be gaining momentum.

One advantage, its advocates say, is that Congress would probably find it easier, politically, to pass a consumption tax than to try for an-

other revision in the income tax code. So long as the U.S. government did not also raise its spending, new tax revenues would raise total feating in a period of intense global savings in America. Why do savings matter? Because they are the dollars not spent imme-

corporate bonds and other invest-

Solos In . Ner 1995 - High Love Close Citye

Soithibrisons of the state of t

among economists that no matter bow much Americans consider higher savings a desirable goal, they simply do not have the capacity—the but declined to an average of 5.4 discipline—to spend less and save percent from 1980 through last year, and have not been about 4.5 percent. and have not been above 4.5 percent

Personal savings, which totaled \$120 billion last year, are only one of the two forms of private national

is the easiest way to get' more savings.

The only question is what type of tax to enact.'

Joseph Pechman, Brookings tax expert

billion in 1987, are not growing sig-

miscantly, either. The total of \$674 billion in personal and corporate savings fell short, by about \$43 billion, of the amount needed to finance all of the nation's \$716 billion in private investment last year. The United States has made up this short-fall by borrowing the savings of other

Many politicians and economists contend, however, that a developed country, such as the United State should be supplying funds to other countries rather than borrowing from the world's pool of limited

Another option is to cut back on competition and rising business investment elsewhere in the world.

The only other alternative, then, diately on food and clothes, movies and travel that can be poured into factories, machinery, roads and other projects that generate income and wealth.

The cany other anternative, then, is public sector has dragged down savings, not increased them—producing a U.S. deficit or "dissaving" of \$152 billion in fiscal 1987, offset Personal savings — the money by a surplus of \$45 billion by state households put into bank accounts, and local governments.

Because of this net public deficit

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NASDAQ National Market

OTC Consolidated trading for week ended Friday.

entered the country mostly as investments in Treasury securities, corporate stocks, factories and real

As hard as taxes are to legislate, says Michael Boskin, an economist at Stanford University, they are a more practical way to raise national savings to the point that foreign borrowing becomes unnecessary.

private savings. In one, to be published this month by the National Bureau of Economic Research, Mr. Boskin and Laurence Lau, another Stanford economist, determined that corporations in recent years cut their contributions to defined-benefit pension plans by as much as \$130 billion annually on the ground that the plans were over-funded. Pension assets count as corporate savings.

The two economists also found evidence that the elderly are increasingly depressing the nation's personal savings rate. "A substantial fraction" of the elderly, they said, spend their savings rather than maintain or increase them. This has a greater impact than in the past because the elderly represent a growing percentage of the population and a greater share of the national wealth.

The greater well-being of the el-derly today — a result, in part, of higher Social Security payments and improved pension benefits — has helped to persuade younger Americans that they do not need to save as much for retirement, according to Lawrence Summers of Harvard University and Chris Carroll of the Massachusetts Institute of Technology, in a study in the current issue of the Brookings Papers on Economic

Adequate health insurance, improved disability pay and widespread life insurance coverage are also discouraging savings in the Baby Boom generation, the study concluded. Saving to buy big-ticket items like cars and refrigerators has gone by the board, too, because it has become so easy to buy these

items on credit, the economists said. The research into saving has fueled two other debates. One is whether households can be lured into saving.

Incentives that have been tried, without much success, include taxsheltered retirement accounts, securities that offer tax-free income and lower income taxes. Higher interest rates do not seem to have done the trick either.

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(Constanced from Page 1) ally accounted for a significant vestment by \$43 billion, the United ancese custom of paying part of a public pressure is rising to reduce spending and raise its bosrowing, portion of total savings in the United States had to borrow \$150 billion worker's salary in semiannual bothe nation's indebtedness to the rest and that it must do so now.

All the states but they have been shrink-from abroad last year. That money onese rather than in models. ouses, rather than in weekly or of the world.

spend a greater percentage of their

tax hike, one that could well take the

form of a national consumption tax.

December increase placed total consumer debt at \$612.57 billion,

up 6 percent from the end of 1986, The New York Times reported.

■ Consumer Debt Up

monthly wages. The Japanese save a much greater portion of their bonuses than of their wages, and Mr. Jusconservative, are concluding that a ter thinks that Americans, too, tax increase will be necessary. Be-"would treat lump-sum bonuses as cause raising income taxes is viewed if they were inherited wealth" by by many as unpalatable, interest saving more as well. But this is not a and support - seems to be shifting widely shared view among econo- to a cons

Such a tax could take the form of The other debate concerns wheth- a national sales tax or a tax that Several new studies delve into the er the nation's savings rate, as mea-would be paid on the value added to reasons for the continued decline in sured by the Commerce Depart- a product at each stage of its proment, is really an accurate measure duction and distribution, of true savings in this nation. Some The tax burden in either case economists contend that the Ameri- would be passed on to consumers, can savings rate would come closer and would fall most heavily on low-to those of Japan and Europe if the er- and middle-income families, who

> The high personal savings rates of the early and mid-1970s are beyond the nation's reach now.'

Lester Thurow. MIT economist

Outlays for a child's college edu-cation, for example, might be thought of as an investment with a future payoff in a higher salary than a high school graduate could com-mand. An education outlay, then, would fit the definition of savings, which in essence is the use of resources for some future benefit.

By this definition, the purchase of a stove is also a savings, since the payback is equal to the monthly payments a household would have to make if it did not own a stove and had to rent one. Consumer debt rose by \$4.5 bil-lioo in December, the higgest monthly gain in three months, the Federal Reserve said Friday. The

Some economists would, for example, classify washing machines, refrigerators, cars and other durable goods as investments - part of savings - rather than consumption. Some also would like to see government expenditures on such capital improvements as highways, schools, dams, airports and research be reclassified as investments.

The Commerce Department now counts the down payment on a house as an investment, but does not do the same for durable goods. If it did, the American savings rate would be somewhat higher. Whatever the classifications,

ments after paying all of their exof \$107 billion, plus the fact that
penses and taxes — have traditionprivate saving fell short of total inthat the United States copy the Japthat Americans must save more, and

JETS: Western Firms See Hope for Sales to East Bloc

(Continued from Page 1)

Polish weekly, Przeglad Tygodish newspaper said it required sernamed East Germany's Interflug

considered the West's top-of-theline least the Series Vision least the line least the least the line least the least the line least the leas

Airline and the Soviet Union's line long-range aircraft, with the required about eight tons of jet fuel Aeroflot was mentioned in other Soviet-built Ilyushin 62M, which is an hour, while the Boeing 707, Western diplomats in East bloc ho jet but is the best the Russians

capitals say a cash shortage will have to offer. likely mandate leasing arrangements, rather than outright pur-chases, if the deals succeed. planes were far less fuel-efficient than their Western counterparts, chases, if the deals succeed. Few observers expect a rush for while their engines required main-

the West's planes, and many say tenance that was far more costly. demand will likely evaporate once The 747 carries up to 452 passen-

vailing in their own aircraft mar-kets, the Western manufacturers service only every 9,000 to 11,000 are pushing into every niche.

income - and save less of it - than Eastern European airline offithe wealthy, according to Mr. Pech-man of the Brookings Institution.

A 5 percent national consump-tion tax, whether a value-added tax cials are reluctant to discuss the favored long-range aircraft of exploratory talks. Because hard East bloc airlines, carries up to 174 currency is in such short supply, passengers and cruises at up to 486 the financial arrangements are knots, according to Jane's. The Poor a sales tax, would raise \$103 bilcomplex. The maneuvers are politilion a year in additional revenue, according to Mark A. Bloomfield, president of the American Council cally tricky, because Western aircrafi sales would represent a facit craft sales would represent a tacat admission that Moscow was unable STOCKS: for Capital Formation, a nonprofit to meet its allies' needs.

organization financed partly with Moreover, it remains unclear how Western rules restricting the Congress Divided corporate contributions. Mr. Pechman, for one, is con-cerned about where a small consumption tax will lead. It might raise American savings, but it could have Coordinating Committee on Multi- committee session to write specific other effects, as well. He charges lateral Export Cootrols, or CO-legislation after that.

COM, B Western watchdog body "I think the developments in the that the strategy of corporate Amer-ica "is to start modestly," with a consumption or value-added tax of 5 to 7 percent. Then, he fears, the tax imposed to cut consumption today will build, until it is substituted for corporate and personal income tax-

es - leaving substantial untaxed Still, even with all those hurdles, the East bloc countries have to try the votes on his committee to re-Despite such misgivings, Ameri-ca's tendency to spend rather than save is increasing the likelihood of a to find new suppliers for a number solve the turf battle, but he pointed of reasons.

The European Community, following the American example, imposed strict noise-control levels on airports effective Jan. I. Since most Soviet planes, with the exception of Massachusers and Representative Edward Markey, 8 Democrat of Massachusers and Representative Edward Markey, 8 Democrat of Massachusers and Representative Edward Markey, 8 Democrat of Massachusers and Representative Edward Represent some long-range Ilyushin models, setts, who is chairman of the fifail to meet the new limits, flights nance subcommittee, are expected had to be curtailed or face stiff to play a key role. landing fees, forcing the already high operating costs of the Soviet-built planes even higher.

A remarkably frank report in a authority over margins.

not directly comparable to the jum-

The article said that the Soviet

the Soviet Union begins supplying gers and has a maximum level its new generation of planes in the speed of about 530 knots, or 602 arly 1990s. mph, according to Janes's All the World's Aircraft. The Polish news-

which carries 190 passengers, con-

sumed only six tons. Other complaints include the inability of most Soviet planes to haul freight, poor supplies of spare parts and the need to fly aircraft to Soviet airports for major mainte-

nance work. The spark that ignited Poland's search for Western planes was the crash last May of a chartered Lot llyushin 62M in woods near War-saw that killed all 183 people sboard in the worst air crash in

Polish history. By contrast, the Ilyushin 62M, blamed a faulty roller bearing in one of the plane's four engines for the crash. The airline responded by grounding indefinitely its eight

sale of high-technology products to (Continued from first finance page)

Communist countries will apply.

Western countries grouped in the tion in one month and promised a

over trade with the Eastern bloc, week of Oct. 19 make it mandatory pledged in Paris last month to con-tinue strict enforcement of export the Fed, one of the two, probably rules, while agreeing to thin out the the SEC, will have this kind of lists of proscribed high-technology authority and power," he said after the Senate hearings.

He said he was not sure he had with hope to the House, where the

Mr. Markey, according to a Democratic aide in the House, is leaning toward giving the Fed more

U.S. Postpones Futures Rules

WASHINGTON - The Commodity Futures Trading Commission has said that until April 4 foreign firms can continue to solicit or accept orders from U.S. customers for foreign futures contracts even if they have not been exempted from new rules that went into effect last Monday.

In a ootice in the Federal that demands on its employees' time since the October stock price collapse had pre-vented the agency from re-viewing exemption requests from foreign exchanges and

regulatory agencies.
The rules, adopted last July, subject foreign futures contracts to registration, capital, risk disclosure and separate account requirements comparable to those oo domestic

American Exchange Options

Chicago Exchange Options

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O New York Times, edited by Eugene Maleska.

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Rabbit or Fox

Jones, a nonwinner in his first four seasons on the PGA tour, completed one round on each of three Monterey Peninsula courses in 206, 10-under par. On Saturday he birdied four of his first five holes at Spyglass Hill.

Craig Stadler was within a stroke of the lead before bogeying two of his last three holes at Cypress Point; his 71 left him tied at 209 with West German Bernhard Langer, who had a 70 at Cypress Point, Mark Calcavecchia, Dick Mast and Jim Carter were next at 211. Mast had a 68 and Carter a 70, both at Pebble Beach, Calcavecchia, who shared the second-round lead with Jones, struggled to a 75 at Pebble Beach.

SPORTS BRIEFS

December 1985, Yoo, 24, ran his career record to 26-0. Salazar, 23, is 24-9-1. Marion Starling kept his WBA welterweight title with a unanimous 12-round decision over Fujio Ozaki Friday in Allantic City, New Jersey. On the same card, Mark Breland, from whom Starling won the crown last year, stopped Juan Alonso Villa in three: Starling and Breland will fight a title rematch April 16.

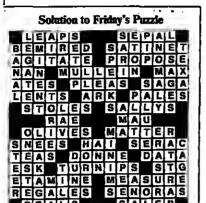
Frank Tate of the United States knocked out British challenger Tony Sibson in the 10th round of a scheduled 12-rounder Sunday night in Stafford, England, to

retain his International Boxing Federation middleweight title. The fight was delayed when fans without tickets exploded teargas canisters in confrontations with

Jones Has 3-Shot Lead in Pebble Beach Golf

PEBBLE BEACH, California (AP) - Steve Jones shot a 2-under-par 70

Saturday to take a three-stroke lead into the final round of the Beach National Pro-



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WATCH ME TODAY.

MARCIE..I'M GONNÁ

BE SHARP!

For the Record

Thomas Schönlebe of East Germany posted a time of 45.05 seconds in the 400-meter dash at an international track and field meet Sunday in Sindelfingen, West Germany, equaling a world indoor record he set there two days earlier. Schönlebe, 22, had set the mark of 45.41 in Vienna Feb. 9, 1986. (AP)

Canadian sprinter Ben Johnson sustained a pulled muscle in his left thigh while winning the 60-meter dash Friday night in Sindelfingen. Johnson won in a time of 6.50 seconds, after slowing in the final five meters. Johnson holds world marks of 9.83 seconds for the 100 meters, 6.41 for the 60 and 5.15 for the 50-

HOW IS THAT, SIR

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BEETLE GIVES 10%

I'VE FOUND A WAY TO

DODGE ALL THOSE

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DOES HE

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"110%"?

Snowy Calgary Enjoys No-Wind Situation Biern A million in cash and credit from the city, provincial and federal governments for facilities, which may be the show's real stars. All of them are new or improved, including the world's first indoor 400-meter (440-yard) speed-skating oval, built on the campus of the University of Calgary. It is futuristic and fast,

Yoo, Starling Keep WBA Titles on Decisions New York Times Service
CALGARY, Alberta — It finally snowed, a SEOUL (Combined Dispatches) - South Korean Yoo Myong-woo retained his blustery storm that lasted long enough to paint the entire landscape a pristine white and dump World Boxing Association junior flyweight title here Sunday with a unanimous decision over Mexican challenger Wilibardo Salazar.

With the seventh successful defense of the title he won from Joey Olivo in more than a foot in the nearby Rockies.

Better yet, cold temperatures ever since and more snow have kept the scene intact, making the site of the 1988 Olympic Winter Games finally look like a place where Winter Games should be staged.

Through so many months of preparation, weather was the biggest concern here. The fear was that the thousands descending upon this city of 647,000 would be surrounded by prairies and farmlands of cardboard brown, thanks to the dreaded Chinooks, warming winds that can turn a winter wonderland into baimy spring within hours. But the Chinooks have stayed away, leaving

these 15th Winter Olympics, which begin Saturday, poised for greatness. Many records are possible: most countries (57), most athletes nearly 1,800), most events (46), most tickets sold (1.4 million), most tickets unsold (350,000), highest worldwide television rights fees (\$400 million) and most dollars spent on new and existing facilities (more than \$500 million).

These Games are so big that countries without Winter Olympic experience, or even winter, plan to participate, including Puerto Rico and the Philippines with Inge racers, Jamaica with a bobsled team, Fiji with two biathletes, the British Virgin Islands with a bobsled team and Guam with a hiathlete.

Also, at 16 days they will be the longest Winter Games ever, largely to accommodate ABC, which wanted three weekends of televi-sion programming for the rights fee it paid of \$309 million.

So what if a Chinook blows Calgary's way? "We should be O.K. now," Frank King, the chairman of the organizing committee, said of the snow cover and any other concern that might arise. "Our only problem is keeping things flowing as smoothly as they're going now."

The magnitude of the event seems a natural by-product of the time, effort and money spent produce it. Calgary organizers, unsuc in bidding for the Games of 1964, 1972 and 1976, finally prevailed in winning these Games. Along the way, they raised more than \$300

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hottest statom sale. Tunion tax won four statom races and three giant slatoms. He is 22.

Zurbriggen, 25, is the reigning all-round master and World Cup champion. In seven crip

The dreaded Chinooks warming winds that can turn a winter wonderland into balmy spring within hours — have stayed away, leaving these 15th Winter Olympics poised for greatness.

and skaters who have tried it predict world records in almost every event. "There's nothing like it anywhere," said Bonnie Blair, a potential medal winner for the

United States at 500 and 1,000 meters. The vennes are fairly spread out. Most fig-ure-skating events and hockey games will be in the Saddledome, a downtown arena and home of the Calgary Flames of the National Hockey

Canada Olympic Park, 15 minutes west of the city center, is the venue for ski jumping bobsled and luge events. An hour outside of town in the Canadian Rockies lie Nakiska at Mount Allan, the site of Alpine skiing events, and the Canmore Nordic Centre for crosscountry skiing and biathlon events.

As usual, the featured attractions are expected to be figure skating and the hockey tournament, expanded from eight to 12 teams for the first time, presumably to keep a so-so U.S. team alive sport's history. for ABC for as long as possible.

berto Tomba of Italy, Furnin Zurbriggen of medal count was four.

Switzerland and Marja-Lüsa Kirvesniem of FinAs they were in 1983

speed skaters, with legitimate medal hopes.
Blair had the world record at 500 meters until Christa Rothenburger of East Germany broke it in December. Thometz still has his world record at 500 meters. Jansen is a former World

seasons, he has won 30 events in four discplines: downhill, slalom, grant slalom and soper

In Sarajevo, Kirvesniemi won gold medals in

three cross-country skiing races, at distances of

5, 10 and 20 kilometers. After a year off to have a child, she could sweep those events again, plus win a gold in the 20-kilometer (32-mile) relay. Blair, Nick Thometz and Dan Jansen of the

United States also deserve mention. They are

Cup champion at 500 and 1,000 meters.

Besides them, the best U.S. medal hopes are
Debi Thomas and Brian Boitano in figure skating and Josh Thompson in biathlon. Thomas, the current U.S. figure-skaring

champion, is almost assured of a medal, most likely a silver. Thomas's victory in the 1986 world championship is the one blemish on Witt's record.

Brian Orser of Canada, the current would figure skating champion and numer in to Scott Hamilton in Sarsjevo, was regarded as a clear favorite over Boitano, the four-time U.S. champion. But Orser bombed in his long program at the Canadian national championships last month. Thompson's silver medal in the 20-kilometer event of the 1987 brathlon world championships was the first U.S. medal in the

If the favored Americans falter, the United But several athletes could overshadow it all, States could have one of its worst winter perfer-including Katarina Witt of East Germany, Almances ever, as bad as 1924 and 1936, when the he Keeps

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As they were in 1984, the favorites to win most medals are the East German and Soviet Witt is the defending Olympic women's figure teams, with Sweden, Switzerland, Norway and skaring titlist and the current world champion. Canada also expected to some well.

WORLD STOCKS IN REVIEW / Via Agencs France Presse

Amsterdam

Amsterdam stocks were steady last week, thanks partly to a reasonably stable U.S. dol-lar. The ANP-CBS general index gained slightly on the week, to 219.7, against 218.5 the previous Friday.

Volume was up, to 8.550 billion guilders from 6.567 billion the previous week, and bond trading was brisk, particularly in government

The market was lively on Monday, and the fractionally higher dollar and a good advance on Wall Street reassured investors. Shares advanced on a broad front.

Prices changed little the rest of the week. The brokerage firm Kempen & Co. predicted that share prices would continue to gain in

Frankfurt

The Frankfurt exchange had a good week, with blue chips particularly favored, gaining an

average of around 5 percent. The dollar's stability and the news that the Karstadt department store chain posted a marked improvement in 1987 results encour-

The strongest rises were in shares of automakers, department stores and electrical con-cerns. BMW rose by 22 DM, VW by 5.80, and Daimler by 42. Karstadt finished at 378 DM,

up 23, and Siemens at 353, up 28.
In chemicals, Bayer added 10 and Schering advanced 18.50 DM.

Banks also did well, with Commerzbank up. 14.50 on the week, Dresdner up 15.30, and Deutsche Bank up 26.30.

Hong Kong

Nervousness over an impending visit by the U.S. trade representative, Clayton K. Yeutter, dominated the Hong Kong Stock Exchange last week, with the Hang Seng Index shedding more than 100 points in dull trading.

The leading market barometer closed at 2,292.59, down 117.07 points from the previous week's close. The broader-based Hong Kong Index finished at 1,497.87, down 76.26

The week got off to a poor start, with the index losing 51.39 points on Monday 59.77 points on Tuesday.

It recouped half of those losses Wednesday, finishing at 2,354.46. Dealers attributed the rise to a technical correction but added that

market sentiment appeared uncertain ahead Mr. Yeutter's visit.

Mr. Yentter is expected to pressure Hong Kong to revalue its currency against the U.S.

Renewed selling pressure Thursday pushed the index down 59.15 points and it dropped a negligible 2.72 points Friday in dull trading.

London

The London Stock Exchange moved erratically lower last week in very quiet trading.
The week was dominated by the signal given by the Bank of England to raise interest rates. by half a percentage point to 9 percent, catching financial markets surprise despite a number of warnings in recent weeks.

News that U.S. banks had lowered their

prime rate added to the dull tone. The Financial Times index of 30 industrial shares slipped 48.6 points for the week, to 1,387.1. Volume remained low.

Insurance issues suffered severe losses on news that building societies will be allowed to compete head-on with financial institutions. Losses were reduced thanks to encouraging takeover activity, particularly in the oil sector, where Tricentrol was the subject of a bid by Atlantic Richfield.

Milan

Prices on the Milan stock exchange plunged last week, brought down by the announcement by Gruppo Ferruzzi the previous weekend that it would restructure its activities, including those of its subsidiary, the chemicals giant Montedison SpA.

The MIB index, reset at 1,000 points at the

start of the year, ended Friday at 905 points, for a weekly loss of 5.98 percent. Shares in Montedison and two other Fer-

nuzzi units plummeted on Monday. The following day, bourse authorities suspended the group's quotation for the day. The stocks recovered slightly on Friday.

Montedison's shares lost 17.67 percent for

the week, while shares in META, the leading element in the Montedison group, shed 1129 percent. Two other Ferruzzi units, Silos and Ferrozzi Agricola, lost 18.33 percent and 13.70

percent, respectively.

Olivetti SpA, another focus of attention belocause of the takeover had for Societé Générale de Belgique, was relatively stable, failing back 2.39 percent. Fiat's fall was 3.31 percent.

Paris stocks staged a marked recovery this past week, the CAC index rose every day to end Friday at 270.6, from 251.3 a week earlier. Analysts attributed the comeback, the first prolonged pause in the long decline since last fall's collapse of world markets, primarily to takeover fever involving a number of Bourselisted companies, such as Martell and Benedic-

Analysts said that companies with promising prospects but dispersed capital structures are especially interesting targets, particularly those reporting strong 1987 results.

previous Friday.

Volume jumped to 10.21 billion Deutsche marks, from 8.11 billion DM the previous week.

Singapore

Hopes of a raily ahead of the Limar New Year were dashed last week as prices fell across the board on the Singapore stock exchange.
The Straits Times Industrial Index was be-

low 900 points the whole week and finished at 869.85, down 39.05 points from the previous Friday's 908.90.

Dealers attributed the fall largely to a lack of

support by foreign buyers, institutional fund anagers and small investors.

Dealers said the main market concern was

the decision by Washington to end special trading benefits to Singapore. Another factor was the decision by Malaysia's high court to declare that country's major political party

Volume for the week fell to 95.15 million from 114.8 million the previous week. Total value of trades fell 1.1 percent to 171.2 million

Tokyo

Share prices were mixed in lackluster trading on the Tokyo Stock Exchange last week. Investors were nervous about the dollar and coming U.S. trade results, despite recent improvements on both fronts.

The Nikkei stock average, a 588,30-ven winner the previous week, closed Saturday at 23,791.19 yen for a 72.06-yen advance. But the TSE index of all common stocks listed on the market's first section lost 1.77 points to 1,927.73. It had gained 73.94 points thew previ-

investors, who had stayed away most of the

week, bought export-oriented issues on Saturday as the dollar firmed against the yen on overseas markets overnight.

Average daily volume shrank to 488.5 million shares from 635 million shares, and average value to 454.2 billion yen a day from 683.76 billion.

Zurich

The Zurich stock exchange scored a modest gain this past week, though investors remained mistrustful analysis said mistrustful, analysts said.
The Credit Suisse finished Friday at 4235.

against 413.0 the previous week, while the Swiss Bank Corp. index closed at 478.6 against Operators said that Swiss investors are re-

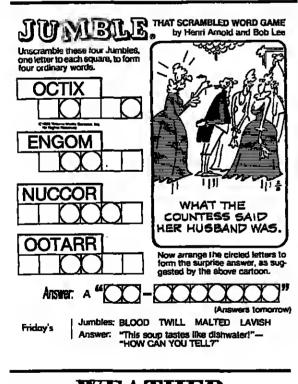
covering some of the confidence shaken after the October market crisis, but foreign investors are still uncertain. Analysts doubted the underlying strength of the week's small recovery.

lying strength of the week's small recovery.

Banks put on a good performance, such as Union Bank of Switzerland, up 140 to 3,975. Financial companies were mixed, with Electrowatt tacking on 125 to 2,975, but Oedikon-Bührle dipping 15 to 820.

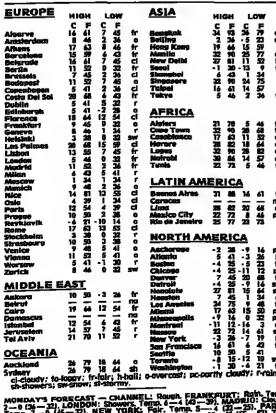
Firmness was displayed by insurance stocks, with Compagie de Reassurance up 675 to 12,300; by the food sector, with Nestle up 395 to 8,345; by chemical companies, with Sandoz up 450 to 12,400; and by industrial concerns, with Fischer up 130 to 760.

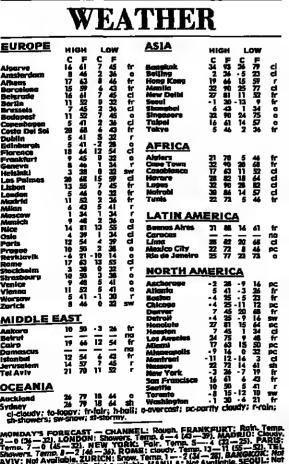
Amon foreign issues, U.S. stocks were hesitant, with Eastman Kodak losing 2 to 57, but Union Carbide up 1.75 to 30,5.



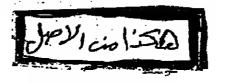
MOM, YOUR COOKIES TASTE GREAT,

AND THEY'RE LESS FILLING! "









SPORTS

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at was four. were in 1984, the favorits it. als are the East German and & Sweden, Switzerland, North o expected to score well.

Via Agence France Pro otation for the day. The state ightly on Friday. ison's shares lost 17.67 pour while shares in META, the let the Montedison group, shell wo other Ferrizzi units, San

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panies, such as Martell and de s said that companies with pe ecus but dispersed capital suc ally interesting targets parte orting strong 1987 results. the companies generating to re such prestige groups as Boxignol, Accor, Bis, Club Maine Aussedat-Rey and DMC

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of a rally ahead of the Lune dashed last week as priors left . on the Singapore stock enter airs Times Industrial Indus oins the whole week and find 39.05 points from the pr attributed the fall largely 102k y foreign buyers, instituted

and small investors. said the main market onen oo by Washington to out s nefits to Singapore Another exisioo by Malaysia's high of lat country's major political for the week fell to 65.15 c 8 million the previous werk rades fell 1.1 percent to lille

rices were mixed in lacking is kno Stock Exchange is the nervous about the dollar mixed is a second of the second le results, despite room kker stock average. a 588 har previous week closed some yen for a 72.00-yen advanz I x of all common such size first section lost 1.77 pm first section lost 1.77 pm It had gained 73.94 points its

who had stayed away mai ight export-oriented issues it is dollar firmed against it is e daily volume shrank 10 %: 5 from 635 million shares so 10 454.2 billion yen a day hour

irich stock exchange sound it past week. Though investors in al. 23191vas eard ul, analysts said.

edit Suisse finished Friday. Arbush St. 45. Membras St. Aubush St. Florido S7 Florido St. 10), Clacinachi (2 Georolo 47, Alebama S4 Georolo Tech 71, DePost 70 13.0 the previous works

ors said tha! So is invested some of the confidence of the confidence of the confidence of the market crists but but but accrtain. Analysis doubted to accrtain. Analysis of the week's small not not negth of the week's small negth Georgie Tech 71, Delvert 71
Kentucky 83, Mississippi SI. 99
LSU 94, Venderbill 79
Louisville 73, Houston 49
Marsholl 77, E. Ternessee St. 72
Marylesst 70, Old Demialon 45
Mississippi S1, Tennessee 72
N. Corolina St. 77, Duke 74
Note 15 acertain. Analysis duel not acertain. Analysis duel not acertain of the week's small not ank of Suntacrand up mitod ank of Suntacrand up mitod at tacking on 125 to 201 at NE Louisiana 71, SW Texas St. 77 NY Lauisiana 74, Sam Houston St. 46 Novy 73, Richmond 59 New Orleans M. Pan American 48 Son Diego St. St. Milami, Fig. 49 South Carolina 75, Clemana 63

VIAL SI, Deviden 55 Virginia Tech LG, S, Mississippi 133, 20T Airon 90, Vounesteurt St. 99 Bati St. 48, Minnut, Ohio 64 Brodley 85, Breite 67 Cent. Michigan 92, Toledo 66 Clevaland St. 118, N. Toura 22 Detroit 45, Dayton 79, OT E. Illinois 94, W. Illinois 86, OT

990 45, W. Carolina 54

Situation Eastern All-Stars Down NBA West

Compiled by Our Staff From Disputches . sists). Karl Malone scored 22 CHICAGO — Michael Jordan capped a gittering weekend in front of hometown fans Sundsy. scoring 40 points and earning most valuable player honors in leading the East to a 138-133 triumph over the West in the National Basketball

Association all-star game.

Jordan, who had retained his slam-dank title on Saturday (right),

ances. It's something to remember and it goes along with everything else. But my ultimate goal is win-ning a world championship."

Only Wilt Chamberlin, who lad 42 in 1962, had more points in an

all-star game. Converting 17 of 23 shots from the floor, Jordan was the unanimous choice for the MVP. He became the second straight player from the host team to take the

honor, last year's winner was Tom Chambers of Seattle. Jordan was backed by Eastern

Tate Keeps Title on KO Of Sibson

STAFFORD, England Frank Tate of the United States delivered a jolting 10thround right to the bead to knock out British challenger Tony Sibson and retain his In-ternational Boxing Federation middleweight title here Sunday night.

The 23-year-old former Olympic junior middleweight tillist stretched his unbeaten record to 22-0-0 in the scheduled 12-rounder.

Tate was rarely troubled by the 29-year-old Briton, who slipped to 55-7-1. In previous title bids, Sibson had lost to former middleweight champion Marvelous Marvin Hagler in 1983 and to Briton Dennis Andries two years ago.

Sibson's tentative approach disappointed his followers, in violence before the fight as fans without tickets tried to garecrash and exploded teargas canisters in confrontations with security officials.

U.S. College Results

Bobson 34. Nichols 67

Bosson 14, Nichots 51
Beston U. 73, Hartford 71
Buffate 52, Adebbil 55
Cotoute 16, Kines Point 75
Cornett 66, Princeton 55
Ducknowth 53, Yole 46

Hervord 77, Brown 44 Ithoca 88, Clerkson 63 Penn 56, Columbia 81 Rochester 78, 54, Jahn 6

Penn St. Columbia 81
Rochester 75. St. John Flaher 75
Trichly 78. Colby 75
Westeyon 75, Georgetown, Ky. 74
MIDWEST
NYU 64. Chicogo 61
FAR WEST
Air Force 71, Coloredo 31. 62. 201
Alcabo-Forbanics 82. Alcabe Pocció
mento - 1886 98. 200 Francisco 1

Lovola, Cuiff. 128. Son Franci Montago St. 71, Boise St. 70

Son Francisco St. 84, Hur Santo Clare 44. Peoperdine 57
SATURDAY'S SCORES

Alleghery III, Denison 51
Amberst 78, Brondels 50
C.W. Past 98, N.Y. Tech 77
Clark 104, Bowdein 57
Connecticut 64, Georgedown
Connecticut 64, Georgedown
Connecticut 60, 84, William
Connecticut 60, 84, William
Connecticut 75, Penn 46
Deriment 52, Brown 62
Deriment 75, Deswore 74
Foldfield 92, Long 75
George Washington 98, Dues
Homilton 94, Valon 87, OT
Harvard 89, Yale 48

Harvard 37, Yale 48 Habart 165, Clarkson 27 Haly Crass 75, Manhatta

Holy Cross 55. Manhathou 93 La Sotte 76. Fordhorn 81 Latayette 77. Bucknett 42 Lona Istond U. 77. St. Francis. M' Nicopara 90. Mains 28 Northeastern 87. Contains 72 Perm St. 64. St. Bonoventure 42 Princeton 69. Calumbia 47 Seton 1461 48. Providence 54 Siena 82. Brooklyn Col. 48

Siena 12, Brooklyn Col. 48 Skidmore 61, fillddiebury 46

St. Joseph's \$1, Massa

Temple 84, Rutsers Trinity 86, Bates 74 Turks %, Worcester Tech 85 Villanova 44, Baston Col. 54

Villanava 44, Baston Co. Westevan 183, Calty 12 SOUT

Alu-Birminghom 102, Brighom Youn American U. 77, William & Mary 75

Appoinchion St. 89, Citatel 72 Arkonpus St. 49, Memotis St. 47

PRIDAY'S SCORES

points to lead the West and Akeem Olajuwon added 21. Magic Johnson had 19 assists for

the losers. Kareem Abdul-Jabbar, at 40 the oldest player ever to play in the annual contest, became the leading scorer in all-star competition when he sank a basket with 44 seconds to play. Finishing with 10 points, Abdul-Jabbar has 247 points in all,

surpassing Oscar Robertson's 246.
Jordan sat out the final 6:43 of
the third period, having been called
for his fourth foul, but returned in the fourth quarter to seal the East's triumph. He scored eight straight points to give his team a 122-108 lead with 4:31 left, and from there the East coasted to its seventh triumph in the last nine all-star

games.

"The players were paying me a home-count tribute," Jordan said. "It was a great display of gratitude by my peers."
Wilkins took charge in the third

quarter as the East extended a 60-54 halftime lead to 99-89 at the end of the period. When Jordan departed with his fourth foul, Wilkins scored six points in an 8-2 run that gave the East an 86-77 advantage. Wilkins finished with 12 points in

Johnson turned from passer to scorer for the West and had IO points in the third period, including a pair of 3-point plays. Abdul-Jabbar nearly set the record as the quarter ended — his basket at the buzzer was ruled good at first, but disallowed when officials ruled offensive goaltending.
The second quarter belonged to

Jordan, who delighted the crowd with two electrifying dunks and 10 points. The Chicago gnard had 6 points in a 13-4 spree that started the period and turned a 32-27 deficit into a 40-32 advantage. He capped the surge by driving the baseline and converting a lay-in off

The top vote-getter among this year's all-stars with I,121,890, Jordan had his best moment when he stripped Maione of the ball, drove the length of the court and finished with a soaring two-handed jam -much like the one be used to win the slam-dunk competition, Larry Bird followed with his first basket of the game and Wilkins hit a free throw to give the East a 51-42 lead



Jordan Soars, Scores as Repeat Slam-Dunk Champion

Chicago's Michael Jordan (above) outscored Dominique Wilkins of Atlanta on the last dunk of the final round to win Saturday's NBA slam-dunk contest for the second straight year. Jordan needed a 47 to tie and a 48 to win; amid raucous support from a sellout Chicago Stadium crowd of f8,403, he scored a perfect 50 after taking off about a foot inside the foul line and ramming the ball through the hoop. In other events the day before the annual all-star game, Boston's Larry Bird won his third straight 3-point title and Dave Cowens's overtime shot put the East old-timers past the West, 47-45,

Alabama-Birmingham Hands BYU Its First Defeat; UNLV, Duke Beaten

BIRMINGHAM, Alabama -Michael Charles scored 24 points, including the 1,000th point of his college career, to help Alabama-Birmingham knock No. 2 Brigham Young from the unbeaten ranks with a 102-83 victory Saturday

might over the Cougars.

Brigham Young, 17-1, was the only undefeated team in major college basketball. The last time the COLLECE RASKETRALL. Cougars lost was to New Orleans last spring in the National Colle-giate Athletic Association Tournament at the Birmingham Coliseum.

"This is the best basketball game that UAB has ever played," said Gene Bartow, the Blazer coach.

points on us, our defense held us Rutgers fell to 3-16 and 0-11. logether."

Oldahoma 120, Missouri 101: in Alabama-Birmingham built its lead to 19 points in the second half

but Brigham Young cut it to 82-75 with 4:02 left. The Blazers extended the lead to 11 on four straight points by Dylan Howard. Cal-Santa Barbara 71, UNLV 66: lo Goleta, California, Carrick De-

Vegas in a Pacific Coast Athletic The Gauchos, 16-4 overall and 8-3 in the conference, overcame an 11-point deficit to beat the Rebels Rob Lock had 13 for Kentucky, 16for the second time this season.

UNLV fell to 20-2 and 9-2. Barbara, which made only I6 of 29 free-throw attempts, hit its last two fourth straight victory, points with 19 seconds to go, sealoints with 19 seconds to go, sealag the victory.

North Carolina State 77, Duke

Syracuse improved to 17-5 overall and 6-3 in the conference. St.

John's fell to 14-5 and 5-4,

ing the victory.

74: In Durham, North Carolina, Vinny Del Negro scored North Carolina State's last eight points, including a basket with 58 seconds left and a pair of free throws with two seconds to go, sparking an upset of fifth-ranked Duke.

Connecticut to a surprise Big East helped Auburn get put two seconds to go, sparking an upvictory over No. 13 Georgetown.

The triumph before a selloul 600th coaching victory.

lantic Coast Conference at 5-2. Rodney Monroe led N.C. State, 14-4 overall, with 17 points and Charles Shackleford had 16. Danny

Ferry had 21 for Duke, 15-3 overall,

COLLEGE BASKETBALL

wyk scored a game-high 21 points to power fourth-ranked Temple to a rout of Rutgers in the Atlantic 10 Conference, handing the Scariet that UAB has ever played," said Knights their 13th straight loss. Gene Bartow, the Blazer coach.
"Even though they scored a lot of all and 12-0 in the conference.

No. 8 Sooners to a Big Eight Con-ference romp over Missouri.

All five starters on both teams scored in double figures as the Sooners improved to 20-2 and 6-1. Hart scored 21 points and Brian
Shaw added 17 points and 11 rebounds to lead UC Santa Barbara
to an upset of No. 3 Nevada-Las
Davender scored 21 points to lead

No. 10 Kentucky to a Southeastern Conference rout of Mississippi State. Rex Chapman and Winston Bennett each added 15 points and 3 and 8-3.

dio, who scored 24 points before scored 22 points and Rony Scikaly fouling out with 5:20 left Santa added 16 to lead 12th-ranked Syracase over No. 18 St. John's, its

> Connecticut 66, Georgetown 59: Hartford, Connecticut, Cliff Robinson scored 16 points and Willie McCloud added 13 to help

The victory put N.C. State into a three-way tie with Duke and North Carolina for first place in the At
England collegiate game, improved Connecticut to II-8 and 3-7. The Hoyas dropped to 14-6 and 4-5.

lowa 101, Michigan State 72: In Iowa City, Jeff Moe, starting his first Big Ten game this season, scored 19 points and Ed Horton added 17 to lead No. 14 Iowa to victory over Michigan State.
Louisiana State 94, Vanderbilt

79: In Baton Rouge, Louisiana, Wayne Sims scored 25 points and Ricky Blanton added 23 to power LSU over No. 15 Vanderbilt in a Southeastern Conference game.

Jose Vargas scored 19 points and Darryl Joe added 14 for the Tigers,

11-8 overall and 6-4 in the league. Will Perdue scored 29 points for the Commodores, I4-5 and 7-4. Bradley 85, Drake 67: In Des Norman, Oklahoma, Stacey King scored 23 of his career-high 40 Moines, lowa, Hersey Hawkins, the points in the second half to lead the nation's top scorer, scored 32 points and Greg Jones added 19 to pace No. 16 Bradley to a Missouri Valley

Conference victory over Drake. Indiana 75, Illinois 74: In Champaign, Illinois, freshman guard Jay Edwards scored 27 points, including the game-winning free throws with 27 seconds left, to lift Indiana past Illinois in a Big Ten squeaker. Nick Andersom had given the Il-lini a 74-73 edge with 1:04 to go before Edwards's fool shots. Indiana improved to 13-6 and 5-4 while

Illinois fell to 14-8 and 4-5. Colorado State 77, Texas-El Syracuse 79, St. John's 62: In Pase 63: In Fort Collins, Colorado, UNLY was led by Gerald Pad- New York, Sherman Douglas Pat Durham paced four teammates in double figures with 25 points, lifting Colorado State to a Western Athletic Conference upset of No. 19 Texas-El Paso, Barry Bailey contributed 16 points, Trent Ship-pen 12 and David Turcotte 11 for Colorado State, 12-7 and 3-4.

Aubura 58, Florida 57: lo Gainesville, Florida, John Caylor scored 21 points and triggered a 10-0 spurt in the second half that helped Auburn get past No. 20 Florida, denying Norm Sloan his

Wales Flashes Past England, 11-3; Scotland Scuttles France

By Bob Donahue ational Herald Tribune

LONDON --- Wales bursts onstage with a flashy romp over England, while France shuffles toward the wings whipped by

Malone had eight rebounds for the West in the quarter.

In the opening period, Malone and Olajuwon each scored 8 points to pace the West to a 32-27 lead.

Johnson had 5 assists in the quarter, Left wing Adrian Hadley

The Nations story une second goal. For the French, the team played like has beens, the team played like has beens.

A strong French start built up to penalty goals in the furst half and sweeping attack that left Lagis quet with only Hastings barring his way to a try. The wing kicked a drop goal for the french, 23-12, left wing Adrian Hadley

Defeat for the French, 23-12, left wing Adrian Hadley

The Welsh took third place at the with flynan steering them back upfield oot of converted a try in the closing minutes by left wing Partice Lagisquet.

Defeat for the French, 23-12, left wing Adrian Hadley

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an 11-3 exhibition of the superiority of Welsh skills. All the English could manage was a penalty goal by fullback Jon Webb.

with 4.54 left.

Secoland. So ends Act II. surprising
The West converted only 10 of
34 shots in the second period, missing several attempts from inside,
and trailed by 14 at intermission.

Malone had eight rebounds for the
West in the quarter.

West in the quarter.

The West converted only 10 of
the wide of the sudience.

Malone had eight rebounds for the
West in the quarter.

The West converted only 10 of
the wings will perform the sudience since 1927.

Secoland. So ends Act II. surprising
the sudience since 1927.

Secoland. So ends Act II. surprising
the sudience since 1927.

In the greature of the sudience was a point were its out won a Five Nations stand shart to the final of
the World Cup in June, but looked
the World Cup in June, but looked
the World Cup in June, but looked
They play Wales in Cardiff on Day
Weish locks Robert Norster and
phil May were gradually getting on
the finale. The French host Irethe quarter.

The West converted only 10 of
the wings with 4:54 left.

The West converted only 10 of
the sudience.

The West converted only 10 of
the sudience.

The World Cup in June, but looked
the World Cup in June, but looked
They play Wales in Cardiff on Day
Weish locks Robert Norster and
phil May were gradually getting on
the forwards. Meanwhile,
they was a Five Nations start by June and made it to the final of
the World Cup in June, but looked
They play Wales in Cardiff on Day
Weish locks Robert Norster and
phil May were gradually getting on
they play wales in Cardiff on Day
Weish locks Robert Norster and
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Weish locks Robert Norster and
they play wales in Cardiff on Day
where Scotland's 23 points were its
last year and made it to the final of
the World Cup in June, but looked
They play Wales in Cardiff on Day
Weish look in the femal of
the world Cup in June, but looked
They play Wales in Cardiff on Day
Weish look in the femal of
the world Cup in June, but looked
They play wales in Cardiff on Day
where Scotland's 23 points were its
last year and made it to the final

FIVE NATIONS RUGBY

Speed and wit also won at Mur-rayfield, in southern Edinburgh, broca and coached by Daniel Du-where Scotland's 23 points where Scotland's 23 points were its most against France since 1927. last year and made it to the final of Fullback Gavin Hastings tallied 16 the World Cup in June, but looked

dirt. From that 29th minute on, scribed the losers this way: "There scopes had France on the ropes. The score went from 7-6 things together. When they put it all to 23-6 as inspired pressure forced French errors that enabled Hastings to pile up the penalty points. Time and again Captain Mike threw away opportunities created the threw away opportunities created the fourth quarter. Davies, center that the fourth quarter.

a capacity home crowd that a much touted English revival was real.

It is, but it's partial Rod Morgan, chairman of the Welsh selectors, de
Coolly he fielded a high punt, side
Total Capacity home crowd that a much rookie fullback whose selection out throw ourselves off the top of the West Stand." But English fans will be expecting personnel changes.

French fans, too, of course.

SCOREBOARD

Basketball

E. Alichigan 79, Bowling Green 64 hadions 25, lilinois 74 teva 191, Michigan 51, 72 Kantas 72, Colorado 62 Kansas 51, 65, habrasha 63 Marquette 74, Wake Forest 57 Ohlo St. 65, Northwestern 59 Ohlo Westevon 84, Kenyon 48 Oklobarne 58, 81, Jawe 52, 78, OT S. Dalasto 58, 81, South Dalasta 62 St. Louis 64, Evapaville 46 W. Michigan 68, Kent St. 65 Warne, Auch 100, Michigan 52, 70 Xavter, Ohlo 89, Butler 74 SOUTHWEST SOUTHWEST
E. Texas St. 44. E. New Mexico 25
McNesse St. 63, Texas-Artington 62
N. Texas St. 62, Shephen F. Austin 72
Oktohomo 129, Missouri 161
Orol Roberts 82, Loyela, 16, 25

Davis Cup Tennis

Sinbodan Zivellaovic and Geron Prote, Ye-gestovic, del. Vilay Ameritro; and Anand Am-ritro; India, 7-5. 6-3. 5-6. 7-6. 9-7. Romesh Krishnan, India, del. Bruno Cretor, Yusantavia, 4-6. 4-6. 6-1. 6-3.

Per Casa, Australia, Sea, Liberaron Liveries, Massica, 3-7, 4-4, 4-1, 11-7, Francisco Maciel, Massico, del, Wolly Ma-sur, Austrolia, 3-4, 8-4, 7-3, 7-4, Per Cast and John Filizaerold, Australia, del, Leonardo Lovalle and Jorge Lazono.

Cloudle Mezzedri, Switzerland, det. Henri Leconte. France. 3-4, 4-3, 0-4, 8-4, 4-2, comp. of (At Bosel)

Utah St. 82, Long Beach St. 75 Washington St. 61, Washington Wyoming 19. New Mexico 72

WORLD SROUP Canthestevalde 5 Perespoy 6 (At Progue)
Attious Medir and Tomas Smid del, Huge Attoslov Mecir and Yorkos Smild det, 1900 Topogou and Francisco Godgeles, 6-1, 7-5, 6-1. Medir det. Chooccu, 6-3, 6-1, Petr Kordo del. Godgeles, 6-4, 6-4. Deusserk 2, Spale 2 (Af Asches, Danmerk). Anorten Coristensen, Deumark, del. Emillo

Yuguslevia 2 India 2 (At New Delhi, India)

say Americal, India, 6-2, 6-4, 6-4, 100, 6-2, 8-4, 6-3, 100, 6-2, 8-4, 6-3, 100, 6-2, 8-4, 6-3, 100, 6-2, 8-4, 6-3, 100, 6-2, 8-4, 6-3, 100, 6-2, 8-4, 6-3, 100, 6-2, 8-4, 6-3, 100, 6-2, 8-4, 6-3, 100, 6-2, 6-3, 100,

44.41, \$1.44.
Francesco Concaliotil, Italy, del. Amos Mansdori, isroul. 44.43.
Abstralla 2, Mandos 1
[At Mexico City]
Put Cost, Australia, del. Leonordo Lavollo.

Maxico, 42, 42, 42.
Suptan 3, New Zentant 8
(At Gayle, Sweden)
Shekan Saberp def. Kelly Evernden, 12-10,6-Edbers and Anders Jarryd del. Everaden

Lecente, France, 24, 4-1, 0-4, 8-4, 6-2, comp. of supp. match.
Yomatch Nootrand Guy Forsel, France, del, Cloudio Mezzaári and Heinz Guenthardi.
Switzerland. 6-2, 6-4, 6-2,
Henri Lecente, France, del, Roland Stadler,
Switzerland. 6-1, 6-4, 6-4, 6-1.
Yoursch Noot., France, def, Cloudio Mezzadri, Switzerland. 6-3, 3-4, 6-3.
West Germany 3, Bresil 8
(Al Essen, West Germany)
Borts Backer and Patrick Kütnen del, Luiz

Southern Meth, 94, Texas A&M 71
Texas 79, Artomass 72
Texas Christian 61, Baylor 59
Tolsa 92, 5, Illinois 74
W. Texas S1, 45, Texas A&I, 53
FAR WBST
Cal-Santo Barbara 71, Nev-Las Vegas 64
Colorade S1, 77, Texas-EI Pose 63
Idoho 74, E. Washinston 64
Idoho 31, 71, Weber S1, 58
Lovola, Calif. 94, Santo Clore 93
Metro 31, 64, 5, Utoh 75
Nevada-Reno 77, N. Arizona 74
New Mexico S1, 77, Son Jose S1, 59
Oregon 74, Southern Cal 62
Pespecialne 94, San Francisco 91
S1, Mary's, Cal. 77, Gonzopa 64, OT
Stanford 96, Arizona S1, 43
Utah 31, 62, Long Beach 31, 75

AMERICAN ZONE

Peru 4, Chile ! (Af Vinc Del Mor, Chile)

jedosesia S. Theflord 6 (Af Jokarto) Tinius Wibowo def. Verashol Yangkamchu,

ARDICAN YOUR

Kenya 2 Ghana 8 (Al Accra, Ghana) Poul Wekesa det. Kojo Attsa. 64, 63, 61.

1Af Geryon

First Round

Echery dry Americ Jervil del. Event and David Livid. 43, 74, 64, Jorryd del. Evenden, 84, 44, 114, Edhery del. Bruce Derlin, 61, 62, Prance 4, Suttaniand 1

National Hockey League Standings

Hockey

PRELL CONFERENCE

PROFTIS Division

W L T Pts GF GA

27 19 8 42 217 182

25 24 5 55 185 183

22 29 4 48 197 222

16 22 9 41 174 225

15 31 9 39 189 214

Sentition Division Matter and Ricardo Acialy, 5-4, 15-13, 5-4, Kütnen del, Matter, 9-7, 5-3, Carl-Uwe Sleeb del, Cassio Malla, 6-1, 8-2.

Caleary 8 1 9-3 7
Detreil 2 1 3-5 bo
Borr 2 ISI, Varrman 2 (40), Hippins (41; parterson (3), She's et seal (above 'con horsell'), 1-6-30; Detreil (on Vernon) 7-74-20. W. M.Y. Islanders 2 1 7-4 Washingten 1 1 5-2 Gilbort (9), Treftler (16), Lauer 2 (11); phunter (16), Christian 12(), She's on seal; New York (on Peeters) 13-15-3-30; Wostington Ion Smithl 9-8-17-34. FEIDAY'S RESULTS Pobla Artava, Peru, def. Pedro Rebolleda, Chile, 7-6, 6-1, 3-6, 6-2; Jaime Izpoa, Peru, def. Juan Puble Guetrola, Chile, 7-7, 6-2. Ecuador 2, Canada 4 pres Gamez def, Chris Pridham, 7-5,4-1,6-nd Viver def, Martin Wastenholme, 0-4,8o, p-2, 3-6, 6-4.

Jernatics 3, Netfil 8

(A) Klassten, Jernatics

Douples Burks data, Servical Licentes, 6-2, 8-4, 6-4; Neet Rutherford dpf. Revneld Ellenne, 6-4, 7-5, 3-2 (ret); Burks and Karl Hole def. Potrice Boker and Lamentes, 6-3, 6-4, 6-3, 6-2. 4.1, 4.2. Valestele 2. Colembia 1
(Af Caraces)
Alvero-Cortes Jordan, Columbia, def. Cortos
Cloveria, Venezuela, 34, 74, 15-13, 11-9; Nicotos Pereiro and Inaki Calva, Venezuela, def.
Juan Cortos Jarden and Jorge Falla, Columtio, 4.2, 84, 4.1

Brickley (1). Shots on goal: New Jersey (on Chevrier! 11-7-13-31; Vancouver (on Souve)

N.Y. Islanders

Kerr 2 117). Konrovd 121, Kins (4), Wood
(14), Maketa (21(; Andrevchuk 3 (23), Foligno
(28). Shels on speal: Buffolo (on Smith) 11-174—21; New York (on Cloulier) 18-72-16-46.
Hartford

2 2 6—4
Pittsborush
1 3 1—5

Lemieux 2 (52), Cellander 111). McLiwoln
(11). Simmer (9); Cote (3), Anderson 1171.
Bobych 111). Turpeon (181, Shels on speal:
Hortford Ion Pietronovelol 9-8-25; Pittsburgh (on I, Iuril 9-12-10-3).
N.Y. Remeers

6 1 8—3 Mestred 2 2 0-4
Barr (61, Goliant [22], Yzerman 3 (43); Carbonneau (15), Lemieux (25], Mamesso (6), Kordic (7), Shoh en eent: Dehreit fon Horward) 88-5-21; Mantreal fon Horstant 12-14-11-36.
Winesteep 3 2 4 8-8
Marries (7), Howerchok 3 (34), Shen (12),
Hornel (6), MacLean (24), Cartyle (11); Maruk
(7), MacLeitan 3 (12), Lawton 11), Brooke (5),
Maill (7), Manthe (4), Sheks on soul; Winnbee
(on Becupre, Tokkol 10-72-14-2-35; Minnesota
(on Berthiaume) 11-13-94-37.
Philodelphia 3 6 1-4

Colicose 3 8 7 6-1 (on Hertolff 15-15-34.

Winstese 3 8 1 6-1 Thomas (12); McBain (25), Shots at soci:

Chicage (on Berthloume) 8-2-16-1-21; Wimber (on Mason) 15-14-14-1-37.

New Jersey 1 6 6-1 (33), Sendiok 3 (8);

Sutter 2 (11), Torrif (33), Sendiok 3 (8);

European Soccer

ITALIAN FIRST ONISION Como I. Fiorentico D Tintus Wilsows are, veraphor rengerations, 63, 57, 64, 74.
Subarved det. Thanakern Strangen, 63, 64.
Subarved and Wellen Welstenel det. Thanakern the and Strangen, 63, 62, 61.
Wilsows det. Strangen, 63, 64.
Set Looks 4, Malaysia 1

Looks 4, Malaysia 1 Come 1, Florentias 0 Empol(1, Inter Allian 1 Allian 1, Caseno 6 Nopol(2, Pisa 1 Petcaré 2, Juventus 8 Romo 8, Aveiline 0 Torno 2, Accil 1 Venno 1, Sempolaria 1 Varano 1. Semederio 1

Points: Nopeli 31; AC Allian II; Rama 24; Sampdorla 22; Inter Allian 21; Juventus, Ve-rona, Torina 18; Cesana, Pescoro 16; Floren-lina Ia; Ascall, Pisa, Coma 13; Aveilina II; SFI Louis 4, Materials 1

(Al Kudin Luesper, Aldeysla)

Chow Chin Chuan and Veera Selvam, Malarsia, def. Ariun Fernando and Suill Fernando, Sri Lanka, 5-7, 7-9, retired.

Ariun Fernando, 5-1 Lanka, def. Chow Chin Chuan, Malaysia, 4-4, 6-2, 6-2, 1-4, 6-3.

Urnesh Walloopillol, Sri Lanka, def. Selvam Vernandon Malaysia, 3-4, (2-5), 4-3. SPANISH FIRST DIVISION Oseguna 1, Real Socieded 2 Vescosingam, Malavela, 7-6 (7-5), 6-3.
Philippines 2, Japan 2
(At Meetin)
Roymond Sueres and Rod Raffael, Philippines, del. Hillochi Shirato and Elli Tateuchi. Cedta 1. Sebodel) 2
Anteiteo de Modrid 7. Majlorce D
Athletic de Bibce I, Loarones 8
Volencie 2. Cette 0
Escolo 4. Betis 1 Joon, 1-11, 44 4-4 6-4
Andres Battod, Philippines, def. Shiberu
Ohta, Japen, 6-4 2-4, 4-3, 4-4
Roymond Supres, Philippines, def. Toshihisa Tsuchihashi, Japan, 3-4-4-4, 3-4-4.

Seville 1, Scroelana 1 Las Poinnes I, Murcia 8 Zaraceza I, Valladellá I Gijen I, Red Modrid 3 Peints: Real Modrid 36; Alletico de Madrid

ENGLISH FIRSY DIVISION Liverpool 8, West Horn 8 Luten 7, Oxford 4 Monchester United 1, Coventry 8 Norwich 8, Wotterd 9 Notfinsham Forest 3, Chelsea 2 Perfamouth Z Derby 1 Queens Park 2, Chariton 0 Sheffield Wednesday 2, Southor Wimbledon 9, Newcostle 8

Wimbledon & Newcastle 9
Points: Liverood 61; Notilinsham Forest,
Manchester United 45; 2verton, Queens Pork
GJ; Arstend 42; Wimbledon 41; Lutan 32; Shef-Heid Wednesdov 37; Newcastle, Totherchem
21; Southompton 32; West Ham, Chefsed 21; Portsmouth 25; Herwich 26; Coventry 25; Derby 24; Watterd, Oxford 25; Charlien 28.

Transition

Netlend Sockethall Association
LEAGUE—Named Julius Erving to the
board of directors of NBA International, the
NBA's worklowise marketing arm.
PORTLAND—Agreed to learns with Civile Points: Real Modific Jay, Assertion or mounts
30; Real Sociaded 20: Althietic de Bilbos 27;
Vellodolid 24; Catto, Cadix, Seville 22: Ososuns 21; Zonsposo, Barcalone, Valencio 20;
Gilon 19; Essentel 18; Mellored, Les Pointag
16; Betts, Murcho 15; Learones 14; Sobodeli 12.
Toolbott offensive line coach. COLLEGE
JOHN CARROLL—Named Richard Nowak
Tootball offensive line coach.

Mark Ring, flanker Richie Collins,

Norster and center Bleddyn Bowen bedazzled English defenders and the crowd of 62,000 with athleticism



Welsh flanker Roland Phillips, carrying himself and the ball free from the grasp of Peter Winterbottom.

Cup Series to Have California Venue

The Associated Press the next defense of the America's races.

match between the San Diego ing different types of boats. The 90 days before the race.
Yacht Club entry and Fay's Mercudefending champion's plan to use a ry Bay Boating Club entry tenta-tively is scheduled for Sept. 15 in Fay's challenge scuttled the San San Pedro Bay, which is bordered Diego club's plans for a 1991 multi-by Long Beach and Los Angeles. Diego with

the annual Congressional Cup."
Tom Ehman, executive vice president of Sail America, said late Fri- said. day in announcing the venue.

12-meter entry, Stars & Stripes. SAN DIEGO - Waters off the over the Australian defender, challenge was upheld by the New Los Angeles area were selected for Kookaburra III, in four straight York Supreme Court on Nov. 25,

The first of the best-of-three fender and the challenger are build- have to inform Fay of the site until

"San Pedro Bay is a world-class 12-meter craft like those used in the race course, site of top racing past 30 years of cup racing events like the 1984 Olympics and The decision to move the The decision to move the race from San Diego was dictated by the types of boats being built, Ehman

"We can't race in San Diego in

was grateful that word of the venue change came seven months before by the unorthodox challenge of Mi-chael Fay, a New Zealand banker. of cup competition because the de-had maintained that they did oot

> in last year's challenger finals, had based his call for an early race on a literal interpretation of the Deed of Gift, a 100-year-old document that governs America's Cup competi-In response, the defenders said a

boat New Zealand lost to Conner

strict interpretation of the deed allows them to exclude other compet-Sail America is managing the coup defense for the San Diego enough wind for these 21st-century acht Club, which won yachting's most prestigious trophy last year that both New Zealand and Stars & which is a dual-hulled catamaran.

By Christine Chapman TOKYO — "Japan is like a Jellyfish," said Professor Chie Nakane. "It has no bone but an integral internal order."

Nakane is the woman who revealed to the world the truth about Japan in her 1970 study Japanese Society," written in English and translated into Arabic, Chinese, French, German, Indonesian, Korean and Thai Published originally by Weiden-feld and Nicolson, London, and now in Penguin Books, the book presents a structural analysis of the country based on the idea that it is organized vertically in a series of links from guiding superiors to obedient subordinates, a relationship much like that of parents and children, which is Nakane's cen-

To Nakane, who recently won the 1987 Japan Foundation Award for her comparative research of Asian nations, the theory still holds 20 years later. (An earlier Japanese version was the 1967 "Tatesbakai-no-nigenka-kei," or "Human Relations of the Vertical Society.") Nakane feels that the popular social studies approach, that Japan is a nation torn between traditional and modern elements, is incomplete and perhaps inaccurate. She describes Japan as "one well-inte-grated entity," a hierarchy of willing organization men and few women. She proves this fixed pattern with wit and examples from industry, the government, academia, politics and the family.

In its lucid explanation of Japanese society, the sbort book is almost a blueprint for the orderly state in which everyone knows his place. Nakane points out the benefits to the nation and the disadvantages to the ambitious individual who must forgo the fast track to personal success. Written during the latter days of the student protest movement, the book acknowledges "a cruelly heavy handicap against the powerless and the socially inferior." but maintains that a rebellion "will never succeed in changing the so-

cial structure." The core of the country remains the same," she said in a recent interview. "There are changes on the periphery of society. Because of Japan's affluence younger people often change jobs, unlike in the past. But once one

becomes middle-aged, it is a disadvantage to move on and diffi-

Other conclusions in "Japanese Society" that Nakane believes are still valid are that the emphasis on the institution one works for hlurs class distinctions, since personal relations within the group are more important than family background; that family kinship is less strong than group relations and less important than in England and America, and that graduation from a high-ranking university provides "direct access to the roy-

In spite of acclaim for "Japanese Society' as a classic interpre-tation, some critics at home disliked it, Nakane admitted. "They said it was 'too clear-cut,' and others believe Japan is evolving. I wanted to explain the internal system, the function of society.
The culture has so much emphasis on nuances, on ambiguity, that I find it easier to explain Chinese

Born in Tokyo on Nov. 30, 1926, and except for a period in China, brought up here, Nakane's primary work has been studies of the cultures of India, China and Tibet, where she continues to do field work. Although she retired last year from the University of Tokyo, where she was the first, and only woman to head the Institute of Oriental Culture, she is still an active anthropologist. She explained the method be-

hind her recent prize-winning research: "I divided Asia into two blocks, including those countries with social principles like China and India and those without, like Japan and Southeast Asia, Japan and Southeast Asian societies tend not to have philosophies like China's Confucian ethic, or India's caste system. Here people act according to circumstances, depending on the situation, rather on the principle. Tibet, my spe-cialty since student days, is a mix-

ture of the two types." As a girl, Nakane lived in China, where her father was a businessman. When she returned to Japan, she was unhappy about the "culture gap," which eased when she entered Tsuda College, a progressive private university for women. There she majored in English literature and, on graduating in 1947, she was accepted by the national University of Tokyo —



Professsor Nakane, one of Japan's first social authropologists.

matriculate, because of the Allied occupation's insistence on equal rights in education for women. In 1950 she received her bachelor's degree in Chinese and Tibetan and continued ber studies at the London School of Economics and the Italian Institute of Oriental Studies in Rome.

Nakane belongs to "the first generation of Japanese social an-thropologists," but she has no doctorate. "There was no one to study under bere." The field of

In 1952 she became an assistant at the Oriental Culture Research Institute, then cootinued up the ladder until, in 1970, she became the first woman professor at the

one of the first woman allowed to ous capacities to the University of Her publications include several books in Japanese and three in English: "Japanese Society," "Kinship and Economic Organi- Foundation, about \$39,000, to zation in Rural Japan" and "Garo subsidize the publication of books

Before she was 30, Nakane had

Kansu. Qinhai, Tibet, and Jangsu. Today she travels with three Chinese assistants, but in her first few expeditions in the early 1950s she was accompanied by four porters and a gum-carry-

It is no surprise that the adventurous Nakane is today an out-spoken critic of Japan's "exclu-sionism," its historical reluctance to become internationalized. In Navember before the Women's International Symposium, a gathering of more than 200 women held outside Tokyo, Nakane gave the keynote speech on Japanese insularity. To delegates from Africa, China, Europe, India, Japan, and the United States, she spoke bluntly of Japan's "closedness," citing four recent examples: the lack of acceptance of the boat people, the shunning of returning war orphans" (those now middie-aged children who were left in China 43 years ago when their parents fled before the Russians). the ill treatment by classmates of "returnee" children who re-enter Japan's school system after living abroad, and the resistance of Japanese business toward American efforts to bid on the proposed Kansai International Airport. "The word internationaliza-

tinn' is a buzzword beard only in Japan." Nakane said. "Other countries don't talk about it. Because it is closed they shout 'In-ternationalization!' and those who shout the loudest speak only Japanese. In Japan the basis of London, the University of Chica- the culture is that people are all go. Honoluln's East-West Center, Cornell University, and the Cen-ter for Advanced Studies in Be-havioral Sciences in Palo Alto. Japanese think their culture is difficult to understand. It is not."

She has decided to use ber fivemillion yen prize from the Japan by Asian scholars in social anthropology and the related social

sciences. She plans to continue her studies in Tibet and meet her "commitments in India and China." Nakane once said she had "no time for a husband," and added:
"I am not a typical Japanese. I
don't like to walk in a group."

Christine Chapman is a Tokyo-

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AUTOMOBILES

LANGUAGE

Juddering, an Arresting Modifier

By William Safire

WASHINGTON — "Britain's steadily growing prosperity," boasted Nigel Lawson, the British Chancellor of the Exchequer, "is not some short-lived boom, which could come to a juddering halt at any moment." Only a year before, the leader of Britain's Labor Party, Neil Kinnock, expressed the hope that America's policy toward Nicaragua would he "brought to a juddering halt."

Juddering is an arresting modifier for halt. I had circled that participle in a Mercedes-Benz ad recently:

circled that participle in a Mercedes-Benz ad recently:
"In place of juddering tires comes an unflustered negotiation of the road's flaws." My own car—a 1969
Congar on its way to becoming a classic if it doesn't judder itself to an early junkyard—shakes and rattles and, let's face it, becomes hopelessly flustered when negotiating the road's flaws, which it calls "potholes." The word is often used to knock engines that knock.

Marshall Schuon, writing in praise of the Corvette in
The New York Times in 1980, cautioned that the stiff suspension, so road-gripping on smooth terrain, "goes into its oh-wow frenzy" on rough roads, "juddering and slewing and causing the plastic body to creak and

This is an 1800s English dialect word from Suffolk This is an 1800s English dialect word from Suffolk and Somerset that is now making it in the United States. Although quivering halt is still the preferred cliche, juddering is filling a need for a noisier modifier. In 1902, the verh judder appeared in The English Dialect Dictionary as a variant of jouder, defined as "to rattle, shake, jar," with an 1892 citation defining the sound resulting from it as "such as is caused by machinery 'knocking' when some part is not going smoothly." In his first novel, "Hatter's Castle," A.J. Cronin in 1931 wrote of a train "juddering in every bolt and rivet of its frame as the hurricane assaulted."

When to use it? Jolting and humping comote a series

When to use it? Jolting and bumping connote a series of shocks. Vibrating oscillating, shaking, shuddering trembling and quivering call up movement back and forth, with jogging the slightest of shakes and with quaking and quavering most closely associated with fear. Bumping, knocking and rattling are used to show how noisy the shakiness can be. Juddering carries both the bumpiness of jolt and the shakiness of shudder, and may have been coined by combining the two words.

IN the course of campaigning, all candidates make language mistakes; as Martha Taft, wife of Senator Robert A. Taft, said of her husband's favorite target, To err is Truman." Some solecisms, however, are

positively creative. George Bush, rejecting a comparison by Bob Dole about the value of congressional experience over ap-pointive office, said he had served in the House "long enough to understand how it works, but not long enough to get kind of pre-opted by the situation there. A pre-option was used in 1666 to mean "an option

of the Signorie of Venice," was "He sufferd himself to be coopted into the Colledg of Cardinalls," Over the years, the meaning evolved to "to take as one's own," as so often happens when a local figure gets sent to le.

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Washington and falls in with national elements. Frank Cormier of The Associated Press said in 1979 that Lyndon Johnson was always trying to "co-opt reporters into becoming part of his team."

Bush's creative confusion comes from a voguish with a similar measure and that is rooted.

verb with a similar meaning, pre-empt. That is rooted in the Latin emere, "to buy"; pre-emere was to buy beforehend, or to exercise a right of first option. When a labor union envisioner a constraint along the content of the conten labor union anticipates a runaway-plant maneuver by management and walks out first, that could be

called a pre-emptive strike.

The distinction between the current meanings of coopt, "to absorb," and pre-empt, "to hit first," is worth
preserving; we must not permit pre-opt to take hold,
lest both meanings be co-empted.

ONLY a decade ago, in my favorite political dictionary, the definition of juice was "political power," and the observation added, "The word appears to be zing out clout."

That was then. In current usage, the word has taken on the added meaning of "money." Martin and Susan Tolchin, in their new book "Buying Into America: How Foreign Money Is Changing the Face of Our Nation" (Times Books, \$18.95, well worth the juice), a chapter is entitled "The 'Juicing' of California."

A legislative bill that causes lobbyists on both sides to love the purse stripes is known as a mice hill—

to loosen the purse strings is known as a *juice bill*—"so named," write the Tolchins, "for the hundreds of thousands of dollars that could be squeezed from it." In one case, a tax bill was delayed for a couple of years because legislators did not want to act too soon on an issue that attracted so many contributions on both

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Dan Walters, a columnist for The Sacramento Bee, is quoted as first saying, "There's enough grease to fry a dinosaur" — using a venerable political Americanism, grease, for "money" — and later commenting, "If you want to play in the arena politically with a juice bell worker set to play with infec." bill, you've got to play with juice."

WRITING about New York Mayor Ed Koch, the columnist A.M. Rosenthal defined a Yiddishism that is gaining wider use: "He is so enamored of shticks — Latin for making a comedy turn out of almost any-thing — that his life seems to be a succession of vaudeville performances. . . . Shticks and all, he will be remembered."

In "The Joys of Yiddish," Leo Rosten found several meanings for shick, which he spells shik: "piece" or "part," as in "Give him a shik cake"; "devious or cheating behavior," as in "How did you ever fall for a shik like that?" and, the most common, "a studied, contrived or characteristic piece of "business" employed by an actor or acress, "exemplified by "Watch him nea the same shik." him use the same shik."

before any one else; right of first choice." This could not have been what Bush, who has been running a long time but not that long, meant. He obviously intended to say co-opt.

There's a verb with a political history. Three centuries ago, it meant "to elect into a body by voting." The earliest citation, from James Howell's 1651 "A Survay of the Signorie of Venice" was "He sufferd himself to the signory of Venice" was "He sufferd himself to the signory of Venice" was "He sufferd himself to the signory of Venice" was "He sufferd himself to the signory of Venice" was "He sufferd himself to the signory of Venice" was "He sufferd himself to the signory of Venice" was "He sufferd himself to the signory of Venice" was "He sufferd himself to the signory of Venice" was "He sufferd himself to the signory of Venice" was "He sufferd himself to the signory of Venice" was "He sufferd himself to the signory of Venice" was "He sufferd himself to the same shrik."

Remember Paul Henreid lighting two cigarettes and then passing one to Bette Davis in the 1942 film "Now, voyager"? I don't know how many holes I burned in passing one to Bette Davis in the 1942 film "Now, voyager"? I don't know how many holes I burned in passing one to Bette Davis in the 1942 film "Now, voyager"? I don't know how many holes I burned in passing one to Bette Davis in the 1942 film "Now, voyager"? I don't know how many holes I burned in passing one to Bette Davis in the 1942 film "Now, voyager"? I don't know how many holes I burned in passing one to Bette Davis in the 1942 film "Now, voyager"? I don't know how many holes I burned in passing one to Bette Davis in the 1942 film "Now, voyager"? I don't know how many holes I burned in passing one to Bette Davis in the 1942 film "Now, voyager"? I don't know how many holes I burned in passing one to Bette Davis in the 1942 film "Now, voyager"? I don't know how many holes I burned in passing one to Bette Davis in the 1942 film "Now, voyager"? I don't know how many holes I burned in passing one to Bette Davis i

My primary job is punditry, but my shtick is language. A small bit of business, maybe a quick language. A small bit of business, mayor a process column on synonymy, is a shitckl. Rhymes with pick-New York Times Service

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social anthropology did oot exist until about 1955, she explained.

and Khasi: A Comparative Study in Matrilineal Systems," the latter two published in 1967.

covered 6,000 miles in five expe-ditions into undeveloped areas of India, traveling among beadbunting tribes in Assam and hill people of the Himalayas, as well as the cultured Hindus in Bengal and Malabar. Tibet, where she longed to go, was closed and she University of Tokyo. Her peripadid not go in until 1980. In recent based joutetic career has taken her in variyears she has focused her surveys the arts.

did not go in until 1980. In recent based journalist who specializes in

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